



Vadivarhe Speciality Chemicals Ltd

Sustaining purity • Enhancing value

www.vscl.net.in

Annual Report 2017–2018

C O N T E N T S

Board of Directors, etc

Notice and Explanatory Statements

Directors' Report

Annexure to Directors' Report

Auditor's Report and Annexure to Auditor's Report

Balance Sheet, Profit & Loss Account and Cash Flow Statement

Significant Accounting Policies/Schedules/Notes to the financial statements/
Additional Information

VADIVARHE SPECIALITY CHEMICALS LIMITED
Gat No.204, Nashik-Mumbai Highway, Wadivarhe,
Tal-Igatpuri, Dist. Nashik – 422403, Maharashtra State
Phone – 02553 282205 Fax – 02553 282239 E-mail accounts@vscl.in
CIN: L24100MH2009PLC190516

Board of Directors

Mr. Sunil H. Pophale	(DIN-00064412)
Mrs. Meena S. Pophale	(DIN-00834085)
Mr. Ravindra K. Paranjpe	(DIN-06816384) (Appointed on 02/05/2017)
Mr. Prasanna P. Rege	(DIN-02795136) (Appointed on 02/05/2017)
Mrs. Uttara A. Kher	(DIN-07805920) (Appointed on 02/05/2017)
Mr. Rahul D Asthana	(DIN-00234247) (Appointed on 11/09/2017)
Mr. Pramod W Gajare	(DIN-07932725) (Appointed on 11/09/2017)
Mr. Vasant P Jagtap	(DIN-06904144) (Ceased to be Director w.e.f. 30/09/2017)

Factory and Registered Office at:

Gat No 204, Vadivarhe,
Nashik-Mumbai Highway,
Tal-Igatpuri, Dist-Nashik 422 403
Phone: 02553 282200
CIN No: L24100MH2009PLC190516
Website: www.vscl.net.in
E-mail: inquiry@vscl.in

Bankers

Axis Bank Ltd
Mazda Tower, Trimbak Naka,
GPO Road, Opp. Zilha Parishad,
Nashik 422 001
Tel: 91 - 253-6627497/7422

Auditors

S R Rahalkar & Associates

1, Bhumi Exotica, A Wing,
Near Rathi Amrai, Swami Vivekanand Road,
Off. Gangapur Road, Nashik - 422 013

NOTICE IS HEREBY GIVEN THAT THE 9TH ANNUAL GENERAL MEETING OF VADIVARHE SPECIALITY CHEMICALS LIMITED WILL BE HELD ON THURSDAY, AUGUST 02, 2018 AT 11:00 A.M. AT P-17, MIDC AMBAD, MUMBAI AGRA ROAD, NASHIK, MAHARASHTRA 422010 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2018 together with the Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Sunil Haripant Pophale (DIN: 00064412), who retires by rotation and being eligible offers himself for re-appointment.

Special Business:

3. To consider and if thought fit, approve with or without modification(s) the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Rahul Durgaprasad Asthana (DIN: 00234247) who was appointed as an Additional Independent Director in the meeting of the Board of Directors held on September 11, 2017 and who holds office as such up to the date of this Annual General Meeting, be and is, hereby appointed as Independent Director of the Company for a term of 5 years w.e.f. September 11, 2017.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and to file necessary e-forms with the Registrar of Companies as may be necessary to put this resolution to effect”

4. To consider and if thought fit, approve with or without modification(s) the following resolution as a **Special Resolution**.

“RESOLVED THAT pursuant to Sections 2(54), 188, 196, 197, 198 and 203 read with Schedule V and other applicable provisions of if any, of the Companies Act, 2013 (“the Act”), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014(including any statutory modifications or re-enactment(s) thereof for the time being) consent of the Members be and is hereby accorded for appointment and fixing of remuneration of Mr. Pramod Waman Gajare as Executive Director (DIN:- 07932725) of Rs. 157496/- pm of the Company liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors, be and are hereby severally authorised to sign and submit e-form MGT-14 and all relevant e-forms, documents, in respect of aforesaid appointment with the Registrar of Companies and to do all such acts, deeds and things as may be necessary or expedient in their entire discretion, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

The details of the terms of appointment and remuneration payable to Mr. Pramod Waman Gajare are given below:

Tenure of Remuneration	3 years with effect from 11 th September, 2017
Salary exclusive of all allowances	Rs. 81350/- per month. The Executive Director shall be entitled to such increment from time to time as the Board may by its discretion determine
Perquisites and allowances in addition to salary	<p>A. House Rent Allowance: The Company will pay House Rent Allowance of Rs. 16270/- per month to the Executive director.</p> <p>B. Conveyance Allowance: The Company will pay Conveyance Allowance of Rs. 30000/- per month to the Executive director.</p> <p>C. Children Education Allowance: The Company will pay Children Education Allowance of Rs. 200/- per month to the Executive director</p> <p>D. Transport Allowance: The Company will pay Transport Allowance of Rs. 1600/- per month to the Executive director.</p> <p>E. Medical Allowance: The Company will pay Medical Allowance of Rs. 6779/- to the Executive director.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual cost.</p>
Retirement Benefits	<p>A. Gratuity payable shall be in accordance with the rules of the Companies Act and Gratuity Rules.</p> <p>B. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p>
Other benefits	<p>A. The Executive director shall be entitled to reimbursement of expenses like Vehicle, Guest Entertainment, and Travelling Expenses actually and properly incurred during the course of doing legitimate business of the company.</p> <p>B. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company and in compliance with the provisions of the Companies Act, 2013.</p> <p>C. The Executive Director shall be entitled to reimbursement of expenses like Vehicle Reimbursement expense- Rs. 6500 pm, Leave Travel Concession expense- Rs. 6779 p.m., Bonus Ex-gratia expense- Rs. 700/- p.m., PF Company Contribution expense- Rs.9762/- p.m., and Gratuity- Rs. 3911/- p.m.</p>
Minimum Remuneration	The aggregate of the remuneration and perquisites as aforesaid, in any financial year, shall not exceed the limit set out under Sections 197 and 198 read with Schedule V and other applicable provisions of the Companies Act,

	<p>2013 or any statutory modifications or re-enactments thereof for the time being in force, or otherwise as may be permissible at law.</p> <p>Provided that where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay the above salary and allowances and provide the perquisites and other amenities as aforesaid to the Executive Director as and by way of minimum remuneration, subject to the applicable provisions of Schedule V of the Act and the approval of the Central Government, if required, or any other approvals as may be required under law.</p>
--	---

“RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors be and are hereby authorised to do all the acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

FOR VADIVARHE SPECIALITY CHEMICALS LIMITED

Sd/-

Mr. Sunil H. Pophale

Chairman and Executive Director

DIN: 00834085

Place : Mumbai

Date : May 30, 2018

Registered & Corporate Office:

Gat No. 204, Vadivarhe Igatpuri 422403

CIN: L24100MH2009PLC190516

Website: www.vscl.net.in

E-mail: accounts@vscl.in

NOTES:

1. The relative Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, for the business set out under Item No. 3 and 4 of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETINGS IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE, ISSUED BY THE MEMBER ORGANIZATION.**

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. An instrument appointing proxy is valid only if it is properly stamped as per the applicable law, blank or incomplete, unstamped or inadequately stamped, undated proxies or proxies upon which the stamps have not been cancelled will be considered as invalid. If the Company receives multiple proxies for the same holding of a member, the proxy which is dated last will be considered as valid. If such multiple proxies are not dated or they bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid
4. The proxy-holder shall prove his identity at the time of attending the meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days' notice in writing of the intention so to inspect is given to the Company.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 26th July 2018 to 02nd August 2018, being both days inclusive.
7. Members holding shares in physical form are requested to notify immediately change of address, transfer, demat request, E-mail id, if any, to the Registrars and Transfer Agents of the Company, Adroit Corporate Services Private Limited, 17/20, Jaferbhoy Indl. Estate, Makwana Road, Marol Naka, Andheri East, Mumbai -400059, quoting their Folio Number and those holding shares in demat mode are requested to notify any change in address, Bank Details, E-mail id to their respective depository participants and make sure that such changes are recorded by them.
8. Members/proxies are requested to bring their copies of Annual Report and duly filled admission/attendance slip enclosed herewith along with the copies of annual report at the meeting and produce the same at the entrance of the venue where the Annual General Meeting is being held.
9. Corporate Members are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.

10. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to the Registered Office well in advance so that the same may reach the office at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
11. Members who hold shares in electronic form are requested to write their DP ID and client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
12. The detail of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standards-2 is annexed hereto.
13. All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during normal business hours on all days except Saturday, Sunday and Public holidays, up to the date of the Annual General Meeting.
14. For the security and safety of the shareholders, no article/baggage including water bottles and tiffin boxes will be allowed at the venue of the meeting. The members / attendees are strictly requested not to bring any article / baggage, etc. at the venue of the meeting.
15. The Annual Report of your Company for the Financial Year 2017-18 is displayed on the website of the Company i.e. www.vscl.net.in
16. Members are requested to register / update their E-mail address with the Company so as to receive Annual Report and other communication electronically.
17. The notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those members whose email-addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email-address, physical copies are being sent by the permitted mode.
18. To support the 'Green Initiative', the members who have not registered their email addresses are requested to register the same with RTA/ Depositories.
19. The business set out in the notice will be transacted through remote e-voting system and the instructions and other information relating to remote e-voting provided by Central Depository Services Limited are given herein below in this Notice. In case of any queries or grievances in connection with remote e-voting, the shareholders may write to the registered office address of the Company.
20. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2014 Company is pleased to provide the members to exercise their right to vote at 10th Annual General Meeting of the Company by electronic means through E-voting facility provided by National Securities Depository Limited (NSDL).
21. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
22. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the date of the Annual General Meeting so as

to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

23. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during (3.00 pm to 5.00 pm) on all working days, upto and including the date of the Annual General Meeting of the Company.

EVOTING:

A. The instructions for e-voting are as under:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through the ballot paper shall be made available at the AGM premises and only the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The e-voting period commences on July 29, 2018 (9:00 am) and ends on August 01, 2018 (5:00 pm). During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 27, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kumudiniparanjape@mmjc.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 27, 2018.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. July 27, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “[Forgot User Details/Password](#)” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
- XIII. Ms. Kumudini Bhalerao, Practising Company Secretary (Certificate of Practice Number 6690) has

been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner. The Scrutiniser shall within a period not exceeding 3 working days from the conclusion of the remote e-voting period unblock the votes in the presence of at least 2 witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.

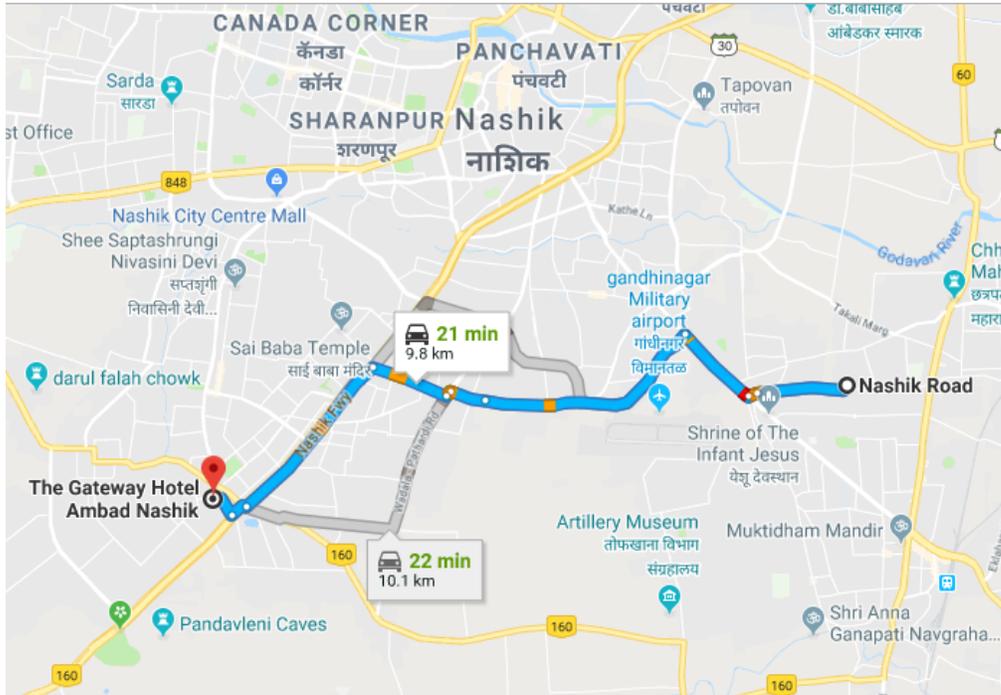
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiner, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutiner's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.vscl.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited, Mumbai.

Place: Mumbai

Date: May 30, 2018

ROUTE MAP

Landmark: Pandavleni Caves



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT,
2013**

Item number 3:

The members of the Company are hereby informed that Mr. Rahul Durgaprasad Asthana (DIN: 00234247) was appointed as an Additional Independent Director of the Company in the meeting of the Board held on 11th September, 2017, with immediate effect. Pursuant to the provisions of Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company, he holds the office upto the date of the Annual General Meeting. The Company has received a notice in writing from one of its members proposing the candidature of Mr. Rahul Asthana for the office of Directorship pursuant to Section 160 of the Companies Act, 2013. Also, the Company has received requisite Form 'DIR 8' from Mr. Rahul Asthana, in terms of Section 164 (2) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility for such appointment.

The brief profile covering the details of her qualification and experience, as required pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Rahul Asthana as an Independent Director of the Company, not liable to retire by rotation.

Further, pursuant to the provisions of the proviso to Section 152(5) of Companies Act, 2013, the Board hereby reaffirms that in its opinion, Mr. Rahul Durgaprasad Asthana fulfils the conditions specified in the Companies Act, 2013 for such appointment.

The Board of Directors recommends the passing of the resolution set forth under Item No. 3 of the accompanying Notice for approval of the Members of the Company as an **Ordinary Resolution**.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr. Rahul Durgaprasad Asthana are interested and / or concerned in passing of the resolution set forth under Item no. 3

Item number 4:

The members of the Company are hereby informed that Mr. Pramod Gajare (DIN: 07932725) was appointed as an Additional Director of the Company in the meeting of the Board held on 11th September, 2017, with immediate effect. Pursuant to the provisions of Section 161 of the Companies Act, 2013 read with the Articles of Association of the Company, he holds the office upto the date of the Annual General Meeting. The Company has received a recommendation from Nomination and Remuneration Committee and the Board proposing the appointment of Mr. Pramod Gajare for the office of Directorship.

The details of the terms of appointment and remuneration payable to Mr. Pramod Gajare are given below:

Tenure of Remuneration	3 years with effect from 11 th September, 2017
Salary exclusive of all allowances	Rs. 81350/- per month. The Executive Director shall be entitled to such increment from time to time as the Board may by its discretion determine
Perquisites and allowances in addition to salary	<p>F. House Rent Allowance: The Company will pay House Rent Allowance of Rs. 16270/- per month to the Executive director.</p> <p>G. Conveyance Allowance: The Company will pay Conveyance Allowance of Rs. 30000/- per month to the Executive director.</p> <p>H. Children Education Allowance: The Company will pay Children Education Allowance of Rs. 200/- per month to the Executive director</p> <p>I. Transport Allowance: The Company will pay Transport Allowance of Rs. 1600/- per month to the Executive director.</p> <p>J. Medical Allowance: The Company will pay Medical Allowance of Rs. 6779/- to the Executive director.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual cost.</p>
Retirement Benefits	<p>C. Gratuity payable shall be in accordance with the rules of the Companies Act and Gratuity Rules.</p> <p>D. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p>
Other benefits	<p>D. The Executive director shall be entitled to reimbursement of expenses like Vehicle, Guest Entertainment, and Travelling Expenses actually and properly incurred during the course of doing legitimate business of the company.</p> <p>E. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the</p>

	<p>rules of the company and in compliance with the provisions of the Companies Act, 2013.</p> <p>F. The Executive Director shall be entitled to reimbursement of expenses like Vehicle Reimbursement expense- Rs. 6500 pm, Leave Travel Concession expense- Rs. 6779 p.m., Bonus Ex-gratia expense- Rs. 700/- p.m., PF Company Contribution expense- Rs.9762/- p.m., and Gratuity- Rs. 3911/- p.m.</p>
Minimum Remuneration	<p>The aggregate of the remuneration and perquisites as aforesaid, in any financial year, shall not exceed the limit set out under Sections 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 or any statutory modifications or re-enactments thereof for the time being in force, or otherwise as may be permissible at law.</p> <p>Provided that where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay the above salary and allowances and provide the perquisites and other amenities as aforesaid to the Executive Director as and by way of minimum remuneration, subject to the applicable provisions of Schedule V of the Act and the approval of the Central Government, if required, or any other approvals as may be required under law.</p>

Also, the Company has received requisite Form 'DIR 8' from Mr. Pramod Gajare, in terms of Section 164 (2) of the Companies Act, 2013 read with The Companies (Appointment and Qualification of Directors) Rules, 2014, confirming his eligibility for such appointment.

The brief profile covering the details of his qualification and experience, as required pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Pramod Gajare as an Executive Director of the Company, liable to retire by rotation.

Further, pursuant to the provisions of the proviso to Section 152(5) of Companies Act, 2013, the Board hereby reaffirms that in its opinion, Mr. Pramod Gajare fulfils the conditions specified in the Companies Act, 2013 for such appointment.

The Board of Directors recommends the passing of the resolution set forth under Item No. 4 of the accompanying Notice for approval of the Members of the Company as a **Special Resolution**.

None of the Directors, Key Managerial Personnel and / or their relatives, except Mr. Pramod Gajare are interested and / or concerned in passing of the resolution set forth under Item no. 4

However in the event of inadequacy of profits, during the tenure of Mr. Vasant Pratap Jagtap, the referred remuneration shall be allowed in compliance of the provisions of Schedule V and the same shall in no event exceed the limits approved by way of resolution proposed under Item No.-3 and in the event of continuation of inadequacy of profits for a continuous period of 3 years, the same shall be subject to review by shareholders.

A detailed statement as per the requirement of the provisions of Section II of part II of Schedule V has been annexed with the notice.

Particulars of Director seeking Appointment/Re-appointment at the ensuing Annual General Meeting as per Secretarial Standard – 2 prescribed for & Regulation 36 of SEBI (Listing Obligation & Disclosure Requirement), 2015 prescribed for General Meetings.

Names of the Directors	Mr. Sunil H. Pophale	Mr. Rahul Asthana	Mr. Pramod Gajare
Type	Director	Independent Director	Director
Age	61	65	56
Date of Birth	01/08/1956	18/02/1953	20/04/1962
Date of Appointment	23/02/2009	11/09/2017	11/09/2017
Experience in functional area	35 Years	38 Years	30 Years
Qualification	B-Tech	M B A	B.Sc Chem
Terms and Conditions of Appointment & Last Remuneration	Retire by rotation 12 Lakh PA	5 Years, No Remuneration, Only Sitting Fees	Retire by rotation 19 Lakh PA
Directorship in other Companies (Public Limited Companies) (excluding foreign and private companies)	Nil	5 (Five)	Nil
Membership of Committees of other Public Companies (Audit Committee /Nomination Remuneration Committee/Stakeholders Relationship Committee)	Nil	Total 5 Committees	Nil
No. of Shares held in the company	78,97,625	Nil	Nil
First Appointment by the Board	23/02/2009	11/09/2017	11/09/2017
Relationship with other Director, Manager & KMP	Except Mrs. Meena Pophale no other Director/KMP is interested in the resolution	The said Director is not related to any other Director in the Board of the Company.	The said Director is not related to any other Director in the Board of the Company.
Board Meetings attended (F.Y. 2017-18)	11	3	3
Shareholding of Non-executive directors	N.A	NIL	N.A.

FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24100MH2009PLC190516
Name of the Company : Vadivarhe Speciality Chemicals Limited
Regd. Office : Gat No. 204, Vadivarhe Igatpuri 422403
Email : accounts@vscl.in
Website : www.vscl.net.in
Phone : +91 2553 282200
Fax : 022 26740371

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Folio No:	

I / We, being the Member(s) of shares of the above named company, hereby appoint:

1. (Name): _____ Address: _____
__ E-Mail ID _____ Signature _____ or failing
him;
2. (Name): _____ Address: _____
__ E-Mail ID _____ Signature _____ or failing
him;
3. (Name): _____ Address: _____
__ E-Mail ID _____ Signature _____ or failing
him;

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Ninth Annual General Meeting of the Company, to be held on Thursday August 02, 2018 at 11:00 a.m. at The Gateway Hotel Ambad Nashik situated at P-17, MIDC Ambad, Mumbai Agra Road, Nashik, Maharashtra 422010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
Ordinary Business:			
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2018 together with the Board's Report and the Auditors' Report thereon.		
2.	To appoint a Director in place of Mr. Sunil Haripant Pophale (DIN: 00064412), who retires by rotation and being eligible offers himself for re-appointment.		
Special Business:			
3.	To appoint Mr. Rahul Durgaprasad Asthana (DIN: 00234247) as an Independent Director of the Company.		
4.	To appoint Mr. Pramod Waman Gajare (DIN: 07932725) as an Executive Director of the Company and fix his remuneration.		

Signed this ____ day of _____, 2018

Signature of the Shareholder _____

Signature of Proxy holder(s) _____

Note:

- (1) This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 (forty eight) hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company. A person can act as a proxy on behalf of a member or members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

<p>Please affix the Revenue Stamp of Re.1</p>
--

9th ANNUAL GENERAL MEETING

Please fill this attendance slip and hand it over at the entrance of the venue of the meeting.

Name of the Shareholder	
Address	
No. of Shares Held	
Registered Folio No.	

I certify that I am an authorized representative for the above named shareholder of the Company. I hereby record my presence at the Ninth Annual General Meeting of Vadivarhe Speciality Chemicals Limited on Thursday August 02, 2018 at situated at P-17, MIDC Ambad, Mumbai Agra Road, Nashik, Maharashtra 422010.

Name of the Member / Proxy (in block letters) Signature of the Member / Proxy

Notes:

1. Only Members / Proxy holder can attend the Meeting
2. Members/proxies are requested to bring the duly completed Attendance Slip with them, and hand it over at the entrance, affixing their signature on the slip.

**ANNEXURE TO NOTICE
STATEMENT CONTAINING REQUIRED INFORMATION AS PER PART II, POINT IV OF
SECTION II OF SCHEDULE V OF THE COMPANIES ACT, 2013**

I. General Information:-

- (1) Nature of Industry: - Manufacturing of Organic, Speciality Chemicals & Intermediates
 (2) Date or Expected date of Commencement of Commercial Production:- 23.03.2009
 (3) In case of new companies, expected date of commencement of activities as per project approved by financial Institution appearing in the prospectus: - Not Applicable
 (4) Financial Performance based on given indicators

The Company's Gross Income for the financial year ended March 31, 2018 declined to Rs. 25,94,44,871 from Rs. 35,37,28,223 in last year. The decline in gross income of the company is on account of non-receipt of repeated export requisitions from one of the Foreign Customer in the last year.

The operating profit (PBT) of the Company decreased to Rs 2,16,98,731 from Rs. 9,45,63,980.

The brief statement indicating our profit related figures is given below:

(Amt. in Rs.)

Particulars	2017-18	2016-17
Total Income	25,94,44,871	35,37,28,223
Less: Expenditure and Depreciation	23,83,67,462	26,61,75,707
Prior Period Items	6,21,322	70,11,464
Profit Before Tax (PBT)	2,16,98,731	9,45,63,980
Less: Tax	66,31,997	1,58,63,355
Deferred Tax Assets	(25,92,768)	1,85,93,730
Profit After Tax (PAT)	1,76,59,502	6,01,06,895

- (5) Export Performance and Net Foreign Exchange Collaborations: - Earning in foreign currency on cash Basis as mentioned below:-

(Amt. in Rs.)

Particulars	2017-18	2016-17
FOB value of Exports	3,90,71,898	17,14,30,738

Foreign Exchange Collaborations:- NIL

- 6) Foreign Investments or Collaborations, if any-N.A.

II. Information about the appointee

a) Mr. Pramod Waman Gajare

1. Background Detail

Age	Designation	Qualification
56 Years	Executive Director	BSc Organic

Experience

Mr. Pramod Gajare has a vast experience of more than 30 years in manufacturing of Organic, Speciality Chemicals & Intermediate. He is also having experience in Research & Development of new products and in Process Development.

2. Past Remuneration:-

Year	Salary	Perquisites	Total
2015-16	17,17,541	0	17,17,541
2016-17	18,89,953	0	18,89,953

3. Recognition or awards:- Not Applicable
4. Job profile and his suitability: - Mr. Pramod Waman Gajare is an Executive Director of the Company. He looks after the production, quality control and research and development of the Company
5. Remuneration proposed: - The terms of remuneration proposed are detailed in the Resolution.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):- For the responsibility shouldered by Mr. Pramod Waman Gajare, Director of the Company in driving the Company's growth plans, the remuneration paid to him is commensurate and compares favorably with the Compensations paid to the business heads of liked sized and similarly positioned businesses.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:- NA

III. Other Information:

1. Reasons of loss or inadequate profits

The revenue during the year under review has declined due to non-receipt of export orders non-receipt of repeated from one of the Foreign Customer in the last year. Due to the decrease in revenue, the company has inadequate profits to meet the proposed remuneration out of profits, some times.

2. Steps taken or proposed to be taken for improvement

We are in process of increasing our capacity to bring economies of scale to our business and will certainly boost our profitability. Company has developed new products and getting good sales orders in current year.

3. Expected increase in productivity and profits in measurable terms

We as such cannot quantify the increase in profits in coming year but definitely will increase as compare to previous year as Company has developed new product which has a good market.

IV. Disclosures:

The Remuneration package of the managerial personnel has been provided in the notice.

CERTIFIED TRUE COPY

By order of the Board of Directors

FOR VADIVARHE SPECIALITY CHEMICALS LIMITED

Sd/-

Mr. Sunil H. Pophale

Chairman and Executive Director

Date: May 30, 2018

Place: Mumbai

DIRECTORS' REPORT
OF
VADIVARHE SPECIALITY CHEMICALS LIMITED
FOR THE FINANCIAL YEAR 2017-18

To
The Members,
Vadivarhe Speciality Chemicals Limited

Your Directors have pleasure in presenting the 9th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2018.

1. FINANCIAL STATEMENTS & RESULTS:

a. Financial Results

The Company's performance during the year ended 31st March, 2018 as compared to the previous financial year, is summarized below:

Particulars	For the financial year ended 31st March, 2018	For the financial year ended 31st March, 2017
Income	259,444,871	353,728,223
Less: Expenses	238,367,462	266,175,707
Prior Period Income	621,322	7,011,464
Profit/ (Loss) before tax	2,16,98,731	9,45,63,980
Less: Provision for tax	52,26,318	1,92,80,508
Deferred Tax Expense/(Benefits)	(25,92,768)	1,85,93,730
MAT Credit entitlement	0	(38,51,643)
MAT Credit Utilized	8,02,196	0
Income Tax of earlier years w/off	6,03,483	4,34,490
Exception Income	0	0
Exception expenditure	0	0
Profit after Tax	1,76,59,502	6,01,06,895

<u>APPROPRIATION</u>		
Interim Dividend	0	0
Final Dividend	0	0
Tax on distribution of dividend	0	0
Transfer of General Reserve	0	0
Balance carried to Balance sheet	1,76,59,502	6,01,06,895

OPERATIONS:

This is the Ninth year of operation and your Company has achieved net sales of Rs. 25.94 Crores and Profit after tax Rs. 1.76 Crores.

**DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/
STATE OF COMPANY'S AFFAIR:**

We are pleased to inform you that the Company has got listed with the NSE on the SME segment on June 02, 2017. We came up with the public issue of 34,44,000 Equity Shares of Rs. 10/-each for a cash price of Rs. 42/- each (including a premium of Rs. 32/- per share). The issue was welcomed by the public and was oversubscribed.

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

Your Directors wish to present the details of Business operations done during the year under review:

a. Production and Profitability

Company is always taking efforts to increase its productivity and use maximum production capacity to increase its profitability.

b. Marketing and Market environment

No significant changes in Market environment in API and Intermediates.

c. Future Prospects including constraints affecting due to Government policies

There are no significant changes in Government policies in API and Intermediates.

b. DIVIDEND

Considering the growth prospects and in order to conserve resources your Directors have not recommended any dividend for the year ended 31st March, 2018.

c. **REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

d. **DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 (“the Act”) read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

e. **LOANS FROM DIRECTORS**

During the financial year under review, the Company has borrowed the following amount(s) from Directors and the respective director has given a declaration in writing to the Company to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others. Accordingly, the following amount(s) is /are excluded from the definition of Deposit as per Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014:-

Name of Director giving loan	Amount borrowed during 2017-18
Mr. Sunil Haripant Pophale	Rs. 2,14,61,000

f. **PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

All transactions/contracts/arrangements entered into by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review were in ordinary course of business and on an arm’s length basis. Further, none of these contracts / arrangements / transactions with related parties could be considered material in nature as per the thresholds given in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and hence no disclosure is required to be given in this regard.

g. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in **Annexure I** which forms part of this Report.

h. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2018 made under the provisions of Section 92(3) of the Act is attached as **Annexure II** which forms part of this Report.

i. PARTICULARS OF INVESTMENTS, LOANS, GUARANTEES AND SECURITIES:

Full particulars of investments, loans, guarantees and securities covered under Section 186 of the Companies Act 2013 provided during the financial year under review has been furnished in Note 'N' of the Notes to Accounts which forms part of the financials of the Company.

j. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

k. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls.

2. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Board of Directors & Key Managerial Personnel

The changes in Directorship of the Company during the year under review are as stated below:

i. Appointment

- Mr. Ravindra K Paranjpe, Mr. Prasanna P Rege, and Mrs. Uttara A Kher were appointed as Independent Director of the Company w.e.f 2nd May, 2017.
- Mr. Rahul D Asthana appointed as Additional Independent Director of the Company w.e.f 11th September, 2017.
- Mr. Pramod W Gajare appointed as Additional Director of the Company w.e.f 11th September, 2017

ii. Resignation

Mr. Vasant P Jagtap, Executive Director resigned from the office w.e.f 30th September, 2017.

iii. Retirement by rotation

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Sunil H. Pophale (DIN- 00064412) Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

b) Declaration by Independent Directors:

During the financial year under review, declarations were received from all Independent Directors of the Company that they satisfy the “Criteria of Independence” as defined under Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of Section 149(6) of the Companies Act, 2013, the Schedules and Rules framed there under.

I. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

(a) Board Meetings:

The Board of Directors met **11** times during the financial year ended 31st March, 2018 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of the same are as mentioned under:-

The Company has complied with the applicable Secretarial Standards in respect of all the above Board meetings.

(b) Audit Committee:

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

Mr. Prasanna Prabhakar Rege Independent Director

Mr. Ravindra Paranjpe Independent Director

Mrs. Uttara Kher Independent Director

The scope and terms of reference of the Audit Committee have been framed in accordance with the Act and the Listing Agreement entered into with the Stock Exchanges read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Jayesh Bhagwati Prasad Vaishnav, the Company Secretary of the Company acts as the Secretary of the Audit Committee.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

(c) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors as constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Companies Act, 2013.

The composition of the committee is as under:

Mr. Prasanna Prabhakar Rege Independent Director

Mr. Ravindra Paranjpe Independent Director

Mrs. Uttara Kher Independent Director

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Mr. Jayesh Bhagwati Prasad Vaishnav, the Company Secretary of the Company acts as the Secretary of the Nomination and Remuneration Committee.

The Remuneration Policy is attached as **Annexure III**

(d) Stakeholders Relationship Committee:

During the year under review, pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Stakeholder's Relationship Committee, comprising of the following members:

Mr. Prasanna Prabhakar Rege Independent Director

Mr. Ravindra Paranjpe Independent Director

Mrs. Uttara Kher Independent Director

Mr. Jayesh Bhagwati Prasad Vaishnav, the Company Secretary of the Company acts as the Secretary of the Stakeholders' Relationship Committee.

(e) Vigil Mechanism:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, a listed Company and every such class of companies as prescribed thereunder are required to frame a Vigil Mechanism to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

However, the said provisions were not applicable to the Company till 31st March, 2017. Further, the Company has listed its Equity shares on the SME platform of the Bombay Stock Exchange w.e.f 07th August, 2017 pursuant to which the Vigil mechanism policy has become applicable. The Company has framed an appropriate Vigil mechanism policy and further re-affirms that the Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

(f) Risk Management Policy:

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

(g) Annual Evaluation of Directors, Committee and Board:

The Board has carried out an annual performance evaluation of its own performance, and of the Directors individually, as well as the evaluation of all the committees i.e. Audit, Nomination and Remuneration, Stakeholders Relationship, Committee of Directors, Corporate Social Responsibility Committee.

The Board adopted a formal evaluation mechanism for evaluating its performance and as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out by feedback survey from each Directors covering Board functioning such as composition of Board and its Committees, experience and competencies, governance issues etc. Separate Exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as attendance, contribution at the meeting etc.

(h) Management Discussion & Analysis:

A separate report on Management Discussion & Analysis is appended to this Annual Report as an **Annexure IV** and forms part of this Directors' Report.

a. CORPORATE SOCIAL RESPONSIBILITY POLICY:

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee consisting of following members:

Mr. Sunil Haripant Pophale	(Chairman & Executive Director)
Mrs. Meena Sunil Pophale	(Whole time Director)
Ms. Uttara Kher	(Independent Director)

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee and the Company spent 16,27,260/- (Sixteen Lakhs Twenty Seven Thousand Two hundred and Sixty Only) towards CSR activities in Financial Year 2017-18. The contents of the CSR policy and initiatives taken by the Company on Corporate Social Responsibility during the year 2017-18 is attached as **Annexure V** to this Report.

The CSR Policy of the Company is available on the Company's web-site and can be accessed in the link www.vscl.net.in

3. AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under:

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018:

M/s S.R. Rahalkar & Associates, Chartered Accountant holds office till the conclusion of Annual General Meeting to be held for the Financial Year 31st March, 2019.

The observations / qualifications / disclaimers made by the Statutory Auditors in their report for the financial year ended 31st March 2018 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

b. SECRETARIAL AUDITOR:

The Board has appointed M/s Makarand M. Joshi and Co., Practicing Company Secretaries, to conduct the Secretarial Audit of the Company for the financial year 2017-18, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for financial year 2017-18 forms part of the Directors Report as '**Annexure VI**'.

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer except the following-

The disclosure under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 was filed in delay with the Stock exchange.

The replies of the Board of Directors to the comments of Statutory Auditors in Auditor's Report are as follows:-

The disclosure as per Regulation 7(2) under SEBI (Prohibition of Insider Trading) Regulations, 2015 was belatedly filed. The said delay was due to inadvertence.

c. INTERNAL AUDITOR:

M/s Bhalchandra D Karve & Associates were appointed as the Internal Auditor of the Company for the financial year 2017-18 based on the recommendation of the Audit Committee of the Company.

4. INSURANCE

All the insurable interests of your Company including properties, equipment, stocks etc. are adequately insured.

5. OTHER DISCLOSURES

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

a. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

b. DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2018, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit/loss of the Company for that year;
- c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls were followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

c. CORPORATE GOVERNANCE:

All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors	Salary, Perquisites, Allowances, Reimbursements, Leave encashment
Details of fixed component and performance linked incentives along with the	Rs. 157496/- p.m.

performance criteria	
Service contracts, notice period, severance fees	3 Years
Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	Not Applicable

d. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

e. DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

f. DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

g. DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

h. POLICY ON SEXUAL HARASSMENT AT WORKPLACE:

The Company is committed to create and maintain an atmosphere in which employees can work together without fear of sexual harassment and exploitation. Every employee is made aware that the Company is strongly opposed to sexual harassment and that such behavior is prohibited both by law and the Company. During the year under review, there was no complaint of any sexual harassment at work place.

i. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

The disclosures as per Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 have been marked as **Annexure VII**

6. ACKNOWLEDGEMENTS AND APPRECIATION:

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

For and on behalf of the Board

Vadivarhe Speciality Chemicals Limited

Sd/-

Name: Mr. Sunil Haripant Pophale

Chairman & Executive Director

DIN: 00064412

Add: Flat No 15, Lalit Bldg, Wode House Road.
Colaba, Mumbai, 400039

Date: May 30, 2018

Place: Mumbai

ANNEXURE I

DISCLOSURE PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

Steps taken or impact on conservation of energy	<ul style="list-style-type: none"> • A total outlay of Rs. 300 Lakhs has been made on Conservation of Energy. • Installation of 193 Kwh Solar Power Plant. • 3000 Liter per day capacity Solar Water Heater Plant. • In process of installing new Boiler which will run on Briquettes instead of Light Diesel Oil (LDO)
Steps taken by the company for utilizing alternate sources of energy	
Capital investment on energy conservation equipments	

(B) Technology absorption:

Efforts made towards technology absorption	<ul style="list-style-type: none"> • The products of the Company are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore, no technology absorption is required. • The Company constantly strives for maintenance and improvement in quality of its products and entire Research and Development activities are directed to achieve the aforesaid goal. • Efforts were made in developing new products to cater to customer's requirement, especially exports.
Benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> • As a result of sustained efforts, we have entered in to prestigious western market. • Moreover, we are also being looked upon as a potential R&D centre for their offshore R&D activity.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	Nil
Year of import	Not Applicable
Whether the technology has been fully absorbed	Not Applicable
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
Expenditure incurred on Research and Development	Nil

(C) Foreign exchange earnings and Outgo:

	1st April, 2017 to 31st March, 2018 [Current F.Y.]	1st April, 2016 to 31st March, 2017 [Previous F.Y.]
	Amount in Rs.	Amount in Rs.
Actual Foreign Exchange earnings	3,90,71,898	17,14,30,738
Actual Foreign Exchange outgo	2,43,99,580	4,47,76,133

For and on behalf of the Board

Vadivarhe Speciality Chemicals Limited

Sd/-

Mr. Sunil Haripant Pophale
Chairman and Executive Director
DIN: 00064412
Add: Flat No. 15, Lalit Building,
Wode House Road. Colaba,
Mumbai, 400039

Date: May 30, 2018

Place: Mumbai

ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	L24100MH2009PLC190516
Registration Date	:	23/02/2009
Name of the Company	:	Vadivarhe Speciality Chemicals Limited
Category / Sub-Category of the Company	:	Company limited by Shares Non-government company
Address of the Registered office and contact details	:	Gat No. 204, Vadivarhe Igatpuri 422403
Whether listed company	:	Yes (Listed on SME platform of NSE w.e.f 02 nd June, 2017)
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Adroit Corporate Services Pvt. Ltd 17/20, Jaferbhoy Indl. Estate , Makwana Road, Marol Naka, Andheri (E) Contact No.: 022 28590942

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	API / Bulk Drugs (Self & Loan License)	21009	100

c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	497762	-	497762	3.89	3.89
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1528125	-	1528125	12.64	1302988	6750	1309738	10.25	(2.39)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	1485000	-	1485000	11.62	11.62
c) Others (specify)	-	-	-	-	-	-	-	-	-
c-1) Non-Resident Indians (Individuals)	-	-	-	-	78000	0	78000	0.61	0.61
c-2) Clearing Member	-	-	-	-	9000	0	9000	0.07	0.07
Sub-total(B)(2):	1528125	-	1528125	12.64	3372750	6750	3379500	26.44	13.8
Total Public Shareholding (B)=(B)(1)+(B)(2)	1528125	-	1528125	12.64	3372750	6750	3379500	26.44	13.8
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	12093750	-	12093750	100	12776000	6750	12782750	100	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Sunil H. Pophale	10565625	87.36	-	7897625	61.78	-	(25.58)

iii. Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sunil H. Pophale					
	At the beginning of the year	10,565,625	87.36	10,565,625	87.36
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
	19.05.2017	(2755000)	22.79	7810625	64.62
	09.03.2018	36000	0.28	7846625	61.38
	16.03.2018	30000	0.23	7876625	61.62
	30.03.2018	21000	0.16	7897625	61.78
	At the End of the year	7897625	61.78	7897625	61.78

iv. Shareholding pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. M/s. Maverick Share Brokers Limited - Client					
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	09.06.2017	597000	4.67	597000	4.67

16.06.2017	(384000)	3.01	213000	1.67
23.06.2017	(3000)	(0.02)	210000	1.64
30.06.2017	3000	0.02	213000	1.67
07.07.2017	(3000)	(0.02)	210000	1.64
21.07.2017	(21000)	0.16	189000	1.48
28.07.2017	(120000)	0.94	69000	0.54
11.08.2017	3000	0.02	72000	0.56
18.08.2017	6000	0.05	78000	0.61
25.08.2017	(15000)	0.12	63000	0.49
01.09.2017	(24000)	0.19	39000	0.31
13.10.2017	(3000)	0.02	36000	0.28
20.10.2017	3000	0.02	39000	0.31
27.10.2017	(3000)	0.02	36000	0.28
31.10.2017	(6000)	0.05	30000	0.23
15.12.2017	3000	0.02	33000	0.26
22.12.2017	21000	0.16	54000	0.42
29.12.2017	(30000)	0.23	24000	0.42
30.12.2017	78000	0.61	102000	0.80
05.01.2018	(99000)	0.77	3000	0.02
09.02.2018	9000	0.07	12000	0.09
16.02.2018	3000	0.02	15000	0.12
02.03.2018	3000	0.02	18000	0.14
09.03.2018	39000	0.31	57000	0.45
30.03.2018	9000	0.07	66000	0.52
At the End of the year (or on the date of separation, if separated during the year)	66000	0.52	66000	0.52
2. M/s. Hem Finlease Pvt. Limited				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
02.06.2017	180000	1.41	180000	1.41
09.06.2017	(39000)	0.31	141000	1.10
16.06.2017	(12000)	0.09	129000	1.01
23.06.2017	(45000)	0.35	84000	0.66
30.06.2017	3000	0.02	87000	0.68
07.07.2017	(18000)	0.14	69000	0.54
14.07.2017	(39000)	0.31	30000	0.23
04.08.2017	(3000)	0.02	27000	0.21
25.08.2017	18000	0.14	45000	0.35
01.09.2017	(6000)	0.05	39000	0.31
08.09.2017	(3000)	0.02	36000	0.28
22.09.2017	(3000)	0.02	33000	0.26
29.09.2017	3000	0.02	36000	0.28
06.10.2017	(6000)	0.05	30000	0.23
13.10.2017	(9000)	0.07	21000	0.16
27.10.2017	(3000)	0.02	18000	0.14
17.11.2017	6000	0.05	24000	0.19

24.11.2017	(3000)	0.02	21000	0.16
01.12.2017	(6000)	0.05	15000	0.12
22.12.2017	(3000)	0.02	12000	0.09
05.01.2018	(3000)	0.02	9000	0.07
12.01.2018	3000	0.02	12000	0.09
25.01.2018	(3000)	0.02	9000	0.07
02.02.2018	360000	2.82	369000	2.89
09.02.2018	15000	0.12	384000	3.00
16.02.2018	9000	0.07	393000	3.07
23.02.2018	(6000)	0.05	387000	3.03
02.03.2018	(141000)	1.10	246000	1.92
09.03.2018	45000	0.35	291000	2.28
16.03.2018	18000	0.14	309000	2.42
23.03.2018	(6000)	0.05	303000	2.37
30.03.2018	6000	0.05	309000	2.42
At the End of the year (or on the date of separation, if separated during the year)	63000	0.49	63000	0.49
3. Mr. Saurabh Jain				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
09.06.2017	102000	0.80	102000	0.80
29.12.2017	18000	0.14	120000	0.94
16.02.2018	27000	0.21	147000	1.15
23.02.2018	3000	0.02	150000	1.17
At the End of the year (or on the date of separation, if separated during the year)	150000	1.17	150000	1.17
4. Mr. Ramesh Damani				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
09.06.2017	99000	0.77	99000	0.77
16.06.2017	12000	0.09	111000	0.87
01.12.2017	3000	0.02	114000	0.89
At the End of the year (or on the date of separation, if separated during the year)	114000	0.89	114000	0.89
5. Amit Munot HUF				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for	-	-	-	-

	increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year (or on the date of separation, if separated during the year)	102000	0.80	102000	0.80
	6. Mr. Prateek Jain				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	09.06.2017	42000	0.33	42000	0.33
	18.08.2017	(42000)	0.33	0	0
	09.03.2018	90000	0.70	90000	0.70
	16.03.2018	6000	0.05	96000	0.75
	At the End of the year (or on the date of separation, if separated during the year)	96000	0.75	96000	0.75
	7. M/s. Central Park Securities Holding Private Limited				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	02.06.2017	69000	0.54	69000	0.54
	04.08.2017	(6000)	0.05	63000	0.49
	At the End of the year (or on the date of separation, if separated during the year)	63000	0.49	63000	0.49
	8. M/s. Gini Silk Mills Ltd				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	14.07.2017	69000	0.54	69000	0.54
	At the End of the year (or on the date of separation, if separated during the year)	69000	0.54	69000	0.54
	9. Mr. Vinod Lodha				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year				

	specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	02.06.2017	33000	0.26	33000	0.26
	30.06.2017	33000	0.26	66000	0.52
	15.12.2017	(3000)	0.02	63000	0.49
	02.02.2018	(3000)	0.02	60000	0.47
	At the End of the year (or on the date of separation, if separated during the year)	60000	0.47	60000	0.47
10. Mr. Gautam Chand Munot					
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	63000	0.49	63000	0.49

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sunil H. Pophale					
	At the beginning of the year	10,565,625	87.36	10,565,625	87.36
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)				
	19.05.2017	(2755000)	22.79	7810625	64.62
	09.03.2018	36000	0.28	7846625	61.38
	16.03.2018	30000	0.23	7876625	61.62
	30.03.2018	21000	0.16	7897625	61.78
	At the End of the year	7897625	61.78	7897625	61.78
Mrs. Meena S. Pophale					
	At the beginning of the year	5375	0.04	5375	0.04
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.	-	-	-	-

	allotment/transfer/bonus/ sweat equity etc.)				
	At the End of the year	5375	0.04	5375	0.04
Mr. Rahul Asthana					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-
Mr. Prasanna Prabhakar Rege					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-
Mr. Ravindra Keshav Paranjpe					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-
Mrs. Uttara Kher					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-
Mr. Pramod Gajare					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

Mr. Jayesh Vaishnav					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-
Mr. Laxmikant Potdar					
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

IV. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rupees in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1272.98	0.61	-	1273.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1272.98	0.61	-	1273.59
Change in Indebtedness during the financial year				
Addition	58.97	214.61		273.58
Reduction	501.29	80.00		581.29
Net Change	(442.32)	134.61		(307.71)
Indebtedness at the end of the financial year				
i) Principal Amount	830.66	135.22		965.88
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	830.66	135.22		965.88

V. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rupees in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		Mrs. Meena Pophale	Mr. Sunil Pophale	Mr. Pramod Gajare (Appointed w.e.f 11.09.2017)	Mr. Vasant P. Jagtap (Resigned w.e.f. 30.09.2017)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.00	12.00	11.02	12.34	47.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	12.00	12.00	11.02	12.34	47.36
	Ceiling as per the Act	84.00	168.00	168.00	168.00	

B. Remuneration to Other Directors:

(Rupees in Lakh)

Sl. No.	Particulars of Remuneration	Names of Directors				Total Amount
		Mr. Prasanna Prabhakar Rege	Mr. Ravindra Keshav Paranjpe	Mrs. Uttara Kher	Mr. Rahul Asthana	
1.	Independent Directors					
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2.	Other Non-Executive Directors					
	Fee for attending board / committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Rs. 1 Lakh per Meeting				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rupees in Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.82	12.43	14.25
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	1.82	12.43	14.25

VI. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FOR VADIVARHE SPECIALITY CHEMICALS LIMITED

Sd/-

Mr. Sunil Haripant Pophale

Chairman & Executive Director

DIN: 00064412

Add: Flat No 15, Lalit Bldg, Wode House Road.

Colaba, Mumbai, 400039

Date: May 30, 2018

Place: Mumbai

Annexure III

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

The Nomination and Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

DEFINITIONS

- a) **“Board”** means Board of Directors of the Company.
- b) **“Company”** means **“VADIVARHE SPECIALITY CHEMICALS LIMITED”**
- c) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- d) **“Key Managerial Personnel” (KMP)** means (i) Chief Executive Officer or the Managing Director or the Manager, (ii) Company Secretary, (iii) Whole-time Director, (iv) Chief Financial Officer and (v) Such other officer as may be prescribed.
- e) **“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- f) **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- g) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- h) **“Senior Management”** mean personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

SCOPE

The Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors.

OBJECTIVE

The Key Objectives of the policy would be:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
2. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

GUIDING PRINCIPLES

The Policy ensures that:

1. The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person.
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
3. The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

1. To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
2. Formulate criteria for evaluation of Independent Directors and the Board.
3. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
4. To carry out evaluation of every Director's performance.
5. To recommend to the Board the appointment and removal of Directors and Senior Management.
6. To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
7. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks
8. To devise a policy on Board diversity.
9. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal
10. Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.

11. Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
12. Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.
13. Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice
14. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
15. To perform such other functions as may be necessary or appropriate for the performance of its duties.

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT APPOINTMENT OF DIRECTOR (INCLUDING INDEPENDENT DIRECTORS)

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

As per the applicable provisions of Companies Act 2013, Rules made thereunder, the Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

CRITERIA FOR APPOINTMENT OF KMP/SENIOR MANAGEMENT

To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities

1. To practice and encourage professionalism and transparent working environment.
2. To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
3. To adhere strictly to code of conduct.

REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:

1. No director/KMP/ other employee are involved in deciding his or her own remuneration.
2. The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
3. Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
4. Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
5. Provisions of law with regard making payment of remuneration, as may be applicable, are complied.
6. Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.
7. Executive remuneration is proposed by the Committee and subsequently approved by the Board of Directors. Executive remuneration is evaluated annually against performance. In determining packages of remuneration, the Committee may take the advice of the Chairman/ Managing Director of the Company.
8. The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

FOLLOWING CRITERIA ARE ALSO TO BE CONSIDERED

Responsibilities and duties ; Time & efforts devoted; Value addition; Profitability of the Company & growth of its business; Analysing each and every position and skills for fixing the remuneration yardstick ;

There should be consistent application of remuneration parameters across the organisation.

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.

Annexure IV

Management Discussion and Analysis Report

Industry Structure and Development

Your company is engaged in manufacture of organic chemicals, intermediates, active pharmaceutical ingredient (API's), personal care products and speciality chemicals. We have emerged as one of the major source for chemical intermediates in India.

Opportunities & Threats

Your company is in the industry since last over 9 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from pharmaceutical, agro-chemicals and personal cares.

The Company is having a good clientele base, which is well diversified over the world. Considering the market situation, global companies have chosen Indian Manufacturers as compared to Chinese companies due to better documentation, reliability and quality product supply from India which has resulted in providing growth opportunities. Your Company is WHO-GMP certified company.

The introduction of revolutionary change in taxation regime viz. GST is having positive impact on your company.

Segment/ Product Wise Performance

Your company is engaged in manufacture of organic chemical, intermediates, active pharmaceutical ingredient (API's), personal care products and speciality chemicals, which is considered as a single segment.

Your company has shown continuous growth in Turnover except for the last financial year. The Company is striving hard for increasing profits from year to year. The total revenue from the operations for the year ended March 31, 2018 declined to Rs. 2594.45 Lakhs as against Rs. 3537.28 Lakhs in the previous financial year 2017.

Market and Outlook

Your company has healthy order book position. The Company's R&D programs are focused on new products development & successfully added a range of products in its basket. The newly developed products will contribute a significant growth in revenue in coming years.

A better product mix, operational efficiency and stringent control on the cost have contributed towards increasing productivity, production and operating margins.

The Company continued to focus on cost control at every level to improve the operational efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin. Continuous efforts are being made for efficient energy and raw material consumption. The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company, barring unforeseen circumstances, expects to further improve the turnover and performance. Increasing working capital is vital towards substantial growth in the coming years. Recently the Company has installed greener technologies like briquette fired boilers to save fuel costs, the positive effect of which will be reflected in the coming financial years.

Risks and Concerns

Extreme volatility of exchange rate of rupee against US dollar is having significant impact on Raw Material cost of the Company. Approximately 40% of its raw materials are imported from other countries. However, the company has managed to mitigate the risk to a great extent through exports.

Internal Control Systems and their Adequacy

The Company has an adequate Internal Control System commensurate with the size and nature of its business. The preparation designing and documentation of Policy on Internal Financial Control has been finalized and implemented which will be reviewed periodically and modified suitably to ensure controls. The internal audit functions are carried out by a separate firm of Chartered Accountants. This is supplemented through an extensive internal audit programme and periodic review by management and Audit Committee.

Discussion on Financial Performance with respect to operational performance

The total revenue from the operations for the year ended March 31, 2018 declined to Rs. 2594.45 Lakhs as against Rs. 3537.28 Lakhs in a previous financial year 2017. However, the Company is confident that the newly developed products will contribute towards a significant growth in revenue in coming years.

Human Resources

Human Resources are always the most important and valuable asset to the Company. The Company has approximately 110 permanent employees as on 31st March, 2018 at factory and office level. Recently Company has appointed highly qualified and well experienced team in R&D. Human Resource, Quality Control and Quality Assurance Department had arranged a number of training programs on cGMP, Safety Awareness. Apart from these internal training programs, employees are also sent for training/seminars on regular basis for upgrading their knowledge and skill level. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favorable work environment that motivates performance, customer focus and innovation VSCL's strategies are based, inter alia, on processes of continuous learning and improvement.

Cautionary Statement

Statements in the Management Discussion & Analysis Report describing the Company's expectations, opinion, and predictions may please be considered as "forward looking statements" only. Actual results could differ from those expressed or implied. Company's operations should be viewed in light of changes in market conditions, prices of raw materials, economic developments in the country and such other factors.

For and on behalf of the Board
Vadivarhe Speciality Chemicals Limited

Sd/-

Mr. Sunil Haripant Pophale
Chairman and Executive Director

DIN: 00064412

Add: Flat No. 15, Lalit Building, Wode House
Road. Colaba, Mumbai-400039

Date: May 30, 2018

Place: Mumbai

Annexure V

Annual Report on Corporate Social Responsibility (CSR) Activities:

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects and programs:-**

Policy Statement

For Vadivarhe Speciality Chemicals Limited (VSCL), the Corporate Social Responsibility (CSR) is a planned set of activities taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation as well as overall Country, targeted to have a significant positive impact in the long term. The aim is to play a catalytic role in the sustainable socio-economic development in the regions where the industry is located or where its interests lie, attempting to create an enabling working environment for VSCL.

Organization Setup

VSCL has setup a Corporate Social Responsibility (CSR) committee of 3 Directors. The CSR Committee finalized the projects regarding expenditure to be incurred on CSR activities. Committee to guide and monitor the CSR Activities and the progress of the project.

Geographical area of CSR Activities

VSCL has decided to take the CSR Activities around VSCL Factory Units; within a radius of 35 to 40 Km. The Company has also decided to take any good projects if approached to VSCL under CSR Activities which can be taken place in any part of India.

Implementation of CSR Activities

VSCL has decided that the implementation of the CSR Activities is to be taken place by VSCL's Employees, which will create a good relation of VSCL employees with nearby villagers. It is also easy to closely monitor and better implementation of CSR Activities.

Identification of CSR Activities

VSCL has decided to undertake the CSR Activities to promote Education, Environmental Sustainability, Nature Conservation and Animal Welfare, Providing necessary facilities to Rural Ares, Health Assistant to Rural and Local Tribal Ares.

The CSR Policy and Activities are made available by the Company on the Company's website www.vscl.net.in

2. **The composition of the CSR Committee –**

The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee consisting of following members:

1. Mr. Sunil Haripant Pophale, Director,
2. Mrs. Meena Sunil Pophale, Director and
3. Mrs. Uttara A. Kher, Director

3. **Average Net Profit of the Company for last three financial years –**

Sr. No.	Particular	Amount
1	Net profit for the year ended 31 st March 2017	9,45,63,980
2	Net profit for the year ended 31 st March 2016	4,96,01,362
3	Net profit for the year ended 31 st March 2015	5,27,17,341
*	Total of profits of preceding three financial years	19,68,82,683
*	Average Net Profit for the preceding three financial years	6,56,27,561

4. Prescribed CSR Expenditure (two percent of the amount as per item 3 above) – **Rs. 13,12,551/-**

5. Details of CSR spent during the financial year:-

(a) Total amount to be spent for the financial year – **Rs. 16,27,260/-**

(b) Amount unspent if any – **Nil**

(c) Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Paid to Satyam Pharma for Medical Aid to Mrs. Sonali Sandeep Kshirsagar	Providing Health Assistant	Local Area- Vadivarhe, District- Nasik, State- Maharashtra	1,00,000	1,00,000	1,00,000	Spent Directly

2	Paid to Nature Conservation Society of Nashik	Conservation of Nature	Local Area-Vadivarhe, District-Nasik, State-Maharashtra	4,00,000	4,00,000	5,00,000	Spent Directly
3	Donation to Ruler Police Fund	Providing necessary facilities	Local Area, Nashik, District-Nasik, State-Maharashtra	25,000	25,000	5,25,000	Spent Directly
4	Removal of Pond Mud, under Jal Sandharan	Providing necessary facilities	Local Area-Vadivarhe, District-Nasik, State-Maharashtra	11,02,260	11,02,260	16,27,260	Spent Directly
	Total			16,27,260	16,27,260	16,27,260	

The Company is also doing plantation at nearby factory road and providing and helping healthy atmosphere to nearby area, also taking responsibility of watering the plants outside factory area.

6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

Sd/-

Mr. Sunil Haripant Pophale

Chairman & Executive Director

DIN: 00064412

Add: Flat No 15, Lalit Bldg, Wode

House Road. Colaba, Mumbai, 400039

Date: May 30, 2018

Place: Mumbai

Annexure VI

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
VADIVARHE SPECIALITY CHEMICALS LIMITED
Gate No. 204, Vadivarhe
Igatpuri – 422403, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vadivarhe Speciality Chemicals Limited** (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘**SCRA**’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowing (**Not Applicable during the audit period**)

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. (hereinafter "**Insider trading Regulations**")
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company during the audit period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the audit period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the audit period**) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the audit period**)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (hereinafter "**Listing Regulations**")

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreements entered with stock exchange.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except *that the disclosure under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 was filed in delay with the Stock exchange.*

We further report that the following laws are specifically applicable to the Company. However, as confirmed by the management there were no compliance required to be done under those laws during the audit period.

1. The Drugs and Cosmetics Act, 1940;
2. The Drugs and Cosmetics Rules, 1945; &
3. The Indian Boilers Act, 1923.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in

the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda items were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has issued and allotted 689,000 Equity Shares of the face value of Rs. 10.00 each a premium of Rs. 32 per shares as a fresh issue and 27,55,000 equity shares of face value of Rs.10 each a premium of Rs. 32 per shares were offered for sale by Promoter of the Company pursuant to Initial Public Offer (“IPO”)

For Makarand M. Joshi & Co.,
Company Secretaries

Sd/-
Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
Place: Mumbai
Date: May 30, 2018

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To,
The Members,
VADIVARHE SPECIALITY CHEMICALS LIMITED
Gate No. 204, Vadivarhe
Igatpuri – 422403, Maharashtra

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.,
Company Secretaries

Sd/-
Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
Place: Mumbai
Date: May 30, 2018

ANNEXURE VII

Disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

- I. The percentage increase in remuneration of the executive Directors, Chief Financial Officer and Company Secretary during the financial year 2017-18, the ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year and the comparison of remuneration of each Key Managerial personnel (KMP) against the performance of the Company is as under:

Sr. No.	Name	Designation	Remuneration for F.Y. 2017-18 (in Rs.)	% increase in the remuneration for financial year 2017-18	Ratio of remuneration of Director to median remuneration of employees
1.	Mrs. Meena Pophale	Whole-time Director	1200000	0%	4.20:1
2.	Mr. Sunil H. Pophale	Executive Director	1200000	0%	4.20:1
3.	Mr. Pramod Gajare	*Executive Director	1102473	N.A	3.86:1
4.	Mr. Vasant P. Jagtap	**Executive Director	1234067	0%	4.32:1
5.	Mr. Laxmikant Potdar	Chief Financial Officer	1243332	10%	4.35:1
6.	Mr. Jayesh Vaishnav	Company Secretary	181664	0%	0.63:1

*Appointed as Executive Director w.e.f 11th September, 2017, before 11th September, 2017, he has received Rs. 787480 as salary in capacity of GM-Production,

**Resigned as the Executive Director of the Company w.e.f 30th September, 2017

- II. The median remuneration of employees during the financial year was Rs. 2,85,651/- (For calculating the median remuneration of employees, only the remuneration paid to employees who have served throughout the financial year 2017-18 has been considered)
- III. There were 105 permanent employees on the rolls of the Company as on 31st March, 2018
- IV. In the financial year there was an increase of 10% in the median remuneration.
- V. Average increase made in the salaries of employees other than the managerial personnel in the financial year 2017-18 was 10% and average increase in the managerial remuneration w.r.t the managerial personnel for the financial year 2017-18 was 10%. In wake of the IPO of the Company and the entailing efforts of the managerial personnel coupled with their visionary as evident from the growth story of the Company, the remuneration of the Managerial personnel has been increased to the said figure.
- VI. It is hereby affirmed that the remuneration is paid as per the remuneration policy of the company.
- VII. List of top 10 employees in terms of remuneration drawn

Sr. No.	Name of the Employee	Designation	Remuneration	Nature of Employment	Date of commencement of employment	Age of employee	Last employment held by such employee	Qualification	If the employee is a relative of Director or Manager
1.	Mr. Sunil H. Pophale	Executive Director	1200000	Employee	23-02-09	61	Fem Care Pharma Ltd	B. Tech	Yes
2.	Mrs. Meena S. Pophale	Whole-time Director	1200000	Employee	23-02-09	57	Pentagon Manufacturing and Marketing Ltd	B.A.	Yes
3.	Mr. Pramod Digambar Narkhede	Sr. Manager-QA & QC	1461579	Employee	03-07-09	53	Fem Care Pharma Ltd	MSc Applied Chemistry	No
4.	Mr. Dinesh Nilkanthrao Malpe	Manager-Production	1200018	Employee	25-09-17	36	Harman Finochem Ltd	BE Chemical	No
5.	Mr. Anirudha Shamrao Mhaske	Manager-HR & Admin	1173977	Employee	23-08-12	42	Dabur India Ltd	B Com, MBA	No
6.	Mr. Ganesh B. Wagh	Manager-Outsourcing	1050053	Employee	01-06-17	35	Kawman Pharma	MSc Organic Chemistry	No
7.	Mr. Satish Pandhari nath Paithankar	Manager-Stores & Excise	993959	Employee	01-07-12	45	Dabur India Ltd	BA	No
8.	Mr. Krishnaro Lotan Patil	Assistant Manager-Production	748038	Employee	03-07-09	47	Fem Care Pharma Ltd	Bsc Chemistry	No

9.	Mr. Hitendra Digambar Mahajan	Assist ant Mana ger- Maint enanc e	670242	Emplo ye e	17-08-09	43	Gauri Industrie s	Dip. in Ele. Engg	No
10.	Mr. Jayant Pandhari nath Bhangale	Assist ant Mana ger- Produ ction	661574	Emplo ye e	03-07-09	50	Fem Care Pharma Ltd	Bsc Chemistr y	No

INDEPENDENT AUDITOR'S REPORT

To the Members of VADIVARHE SPECIALITY CHEMICALS LIMITED

1] Report on the Financial Statements

We have audited the accompanying financial statements of **VADIVARHE SPECIALITY CHEMICALS LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2] Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3] Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4] Opinion

In our opinion & to the best of our information & according to the explanations given to us, the said accounts give the information required by the Companies Act, in the manner so required & give a true & fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st, March 2018 &
- (b) In the case of the statement of Profit & Loss, of the **Profit** for the year ended on that date.
- (c) In case of the cash flow statements, the cash flows for the year ended on that date.

5] Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts to be transferred to the Investor Education and Protection Fund by the Company.

(h) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018

Place: Mumbai
Date: 30/05/2018

For S.R.RAHALKAR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.108283W

S.R.RAHALKAR
Partner
Membership Number 014509

VADIVARHE SPECIALITY CHEMICALS LIMITED

Annexure A to the Auditors' Report

The Annexure referred to paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report to the members of **VADIVARHE SPECIALITY CHEMICALS LIMITED** 'the Company') for the year Ended on 31/03/2018. We report that:

- (i)
 - (a) The company has maintained proper records so as to show full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanation given to us the title deeds of immovable properties are held in the name of the company.
- (ii) The physical verification of inventory has been conducted at reasonable intervals by the management and according to the information and explanation given to us no material discrepancies were noticed. In respect of inventory lying with third parties, these have been confirmed by them.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) (a), (b) and (c) are not applicable to the company.
- (iv) In our opinion and as per the information and explanation given to us, in respect of loans, investments, guarantees, and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted deposits, and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act. Accordingly paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, since the company does not fulfill the conditions pursuant to the companies (Cost Accounting Record) Rules 2011 prescribed by the central Government, under sub-section (1) of section 148 of the Companies Act, 2013 for maintenance of the prescribed cost records and therefore such cost records are not maintained by the company. Accordingly Paragraph 3(vi) of the order is not applicable.
- (vii)
 - (a) According to the information and explanation given to us and on the basis of our examination, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and that there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) There are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or to financial institutions Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2018
- (ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, during the current and previous year, the Company has utilised all the money raised by way of initial public offer, for the purpose for which they were raised. Moreover, the term loans taken by the Company have been applied for the purposes for which they were raised.
- (x) According to the information and explanation given to us, no fraud of material significance by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanation given to us, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion, and according to the information and explanation given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable to the company.
- (xv) In our opinion and according to the information and explanation given to us, The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly paragraph 3(xvi) of the order is not applicable.

Place: Mumbai
Date: 30/05/2018

For S.R.RAHALKAR & ASSOCIATES.
Chartered Accountants
Firm Registration Number 108283W

Sd/-
S. R. RAHALKAR.
PARTNER
Membership Number 014509

NOTES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2018

A) SIGNIFICANT ACCOUNTING POLICIES

(1) ACCOUNTING CONVENTIONS:

The financial statements are presented under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles (GAAP) and applicable Accounting Standards prescribed under Section 133 of Companies Act, 2013. The accounting policies adopted in the preparation of Financial statements are consistent with those followed in previous year.

(2) USE OF ESTIMATES :-

The preparation of financial statements require the management to make estimates and assumption considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used on preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(3) REVENUE RECOGNITION:

Sale of goods is recognized on dispatches to customer, inclusive of sales tax (wherever applicable) and is net of discount.

The income from loan licensing facilities is recognised on the basis of actual production and invoice raised accordingly.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when right to receive the payment is established.

(4) FIXED ASSETS:

- a) Fixed assets are stated at historical cost of acquisition / construction less depreciation.
- b) Attributable interest and expenses of bringing the respective assets to working condition for their intended use are capitalized.

(5) METHOD OF DEPRECIATION AND AMORTISATION:

- i) Depreciation on fixed assets is provided on **Straight Line Method** at the rates specified in the Schedule II of The Companies Act 2013.
- ii) Effective 1st April 2014, the company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act 1956.

(6) INVENTORIES:

- a) Raw Materials are valued on the basis of the Batch wise balance stock at the end of the year. This method has been consistently followed.
- b) Cost of Semi-finished and finished goods comprise of materials cost and conversion cost.
- c) Inventories are valued at lower of cost and net realizable value

(7) INVESTMENTS:

Investments are to be stated at cost.

(8) TAXATION:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) The deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates tax laws that have been enacted or substantially enacted at the Balance Sheet date.
- c) Deferred Tax assets arising from the timing difference are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available.

(9) Income from Temporary Investments (Interest) is accounted on accrual basis.

(10) Employment Retirement Benefits:

Monthly Contributions to Provident Fund are considered on accrual basis in the accounts.

The Provision for Gratuity is made in the books of accounts as per actuarial valuation.

(11) Contingent Liabilities:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes on accounts.

B) NOTES ON ACCOUNTS: -

1. Balances of Debtors and Creditors are subject to confirmation.
2. The current assets and current liabilities are, in the opinion of the directors, recoverable and payable at the values stated in the statement of accounts.
3. The break-up of deferred tax assets and liabilities into major components at the year end of 31/3/2018 is as below:

Particulars	Liabilities	Liabilities
	As on 31/3/18	As on 31/03/17
Depreciation	2,43,77,568/-	2,70,78,866/-
Particulars	Assets	Assets
	As on 31/3/18	As on 31/03/17
Leave Encashment	4,53,231/-	4,58,100/-
Bonus	4,24,124/-	4,90,220/-
LTA	2,10,077/-	2,22,652/-
Gratuity /PF	9,74,991/-	10,00,071/-
TOTAL	20,62,423/-	21,70,953/-
Net Deferred Tax Liability	2,23,15,145/-	2, 49, 07,912/-

5. Foreign Exchange Transactions:

- i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Monetary items in the form of Loans, Current Assets and Current Liabilities in Foreign Currency , outstanding at the close of the year , are converted in Indian currency the appropriate rates of exchange prevailing on the date of the Balance Sheet , resultant gain or loss is accounted in the statement of Profit and loss during the year.
- iii) All other incomes or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

6. Since the VAT/GST Audit is yet to complete the changes that may occur due to the VAT/GST Audit will be effected in the year of completion of audit.

7. The advance given to customer includes advance given to Enaltec Labs private Limited of Rs 4,00,00,099/-.

8. Creditors includes Codexis of Rs 19,54,200/- for the supply of the goods. The balance is outstanding for more than three years. The payment is withheld on account of certain issues arising of the supply and use of the material.

9. Creditors for capital good include a party Pharma Air control engineers of Rs 4,58,890/- which is pending since 2012.

10. Advances to suppliers include a party Universal Engineers of Rs 12,25,000/- which is pending since 2014. (18.9 lacs)

11. Other noncurrent Assets includes Insurance claim receivable of Rs 19,63,602 is pending with Oriental Insurance Company Ltd since September 2013. OIC has rejected the claim on 2/11/2016. The company has filed a consumer complaint (Case Number 368/2017) in the Court of Honorable State Consumer dispute Redressal commission Mumbai on 24/3/17. The case is pending till date.

12. Details of Corporate Social Responsibility spent during the financial year:-

- (a) Total amount to be spent as per Section 135 of the Companies Act 2013 for the financial year @ 2% of the average net profit for the last three financial years is Rs. 13,12,551/-
- (b) Expenditure incurred towards Corporate Social Responsibility during the financial year if Rs 16,27,260/-

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Amount outlay (budget) project or programs wise
1	Removal of Pond Mud & Dump	Health/environmental sustainability and sanitation	12,02,260
2	For Nature Conservation Purpose	Environmental sustainability	4,00,000
3	Medical Aid to Mrs. Sonali Kshirsagar	Health Assistance	1,00,000
4	For Rural Nashik Police Welfare purpose	Others	25,000
	Total		16,27,260

Out of note (b) above, Rs Nil is towards construction /acquisition of asset that will be owned by Company. The unspent amount is Nil.

14. Items wherever necessary are re grouped re arranged and reclassified accordingly.

Sd/-
Sunil H Pophale
Chairman
Executive Director

For S.R Rahalkar & Associates
Chartered Accountants
Firm Reg. No.108283W

Sd/-
Laxmikant Potdar
Chief Financial Officer

Sd/-
Jayesh Vaishnav
Company Secretary

Sd/-
S.R.Rahalkar
PARTNER
Membership No. 014509

Date: 30/05/2018
Place: Mumbai

Vadivarhe Speciality Chemicals Limited
Gat No. 204, Vadivarhe, Igatpuri, Maharashtra 422403,
CIN: L24100MH2009PLC190516,
Email id: accounts@vscl.co.in Website: www.vscl.net.in
Phone : 02553 282200 Fax :022 26740371
Balance Sheet as at 31st March, 2018

In Rupees

Particulars	Note No	Figures As at 31st March, 18	Figures As at 31st March, 17
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A.	127,827,500	120,937,500
(b) Reserves and Surplus	B.	146,427,424	113,750,524
(2) Non-Current Liabilities			
(a) Long-term borrowings	C.	43,695,889	37,704,987
(b) Deferred tax liabilities (Net)	D.	22,315,145	24,907,912
(c) Other Long term Liabilities	E.	2,629,714	2,535,524
(d) Long Term Provisions	F.	4,845,488	3,584,819
(3) Current Liabilities			
(a) Short-term borrowings	G.	40,760,398	74,310,598
(b) Trade payables	H.	21,870,872	37,204,441
(c) Other current liabilities	I.	17,412,196	16,322,713
(d) Short-term provisions	J.	14,375,909	26,026,558
Total		442,160,535	457,285,576
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	K.	195,333,589	170,252,082
(ii) Intangible assets	L.	1,515,025	938,060
(iii) Capital work-in-progress	M.	15,840,326	861,154
(iv) Intangible assets under development		-	-
(b) Non-current investments	N.	510,000	510,000
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	O.	64,548,706	67,104,355
(e) Other non-current assets	P.	1,979,304	1,972,943
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories	Q.	30,878,069	19,829,733
(c) Trade receivables	R.	86,104,072	153,219,474
(d) Cash and cash equivalents	S.	8,094,222	1,079,435
(e) Short-term loans and advances	T.	37,354,128	41,515,246
(f) Other current assets	U.	3,094	3,094
Total		442,160,535	457,285,576

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date.

For S R Rahalkar & Associates
Chartered Accountants

Firm Registration No.108283W

Sd/-
S. R. Rahalkar
Partner

Membership No.014509

Place : Mumbai
Date : May 30, 2018

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Sd/-
Sunil H. Pophale
Chairman and Executive Director

Sd/-
Pranod W Gajare
Executive Director

Sd/-
Laxmikant S Potdar
Chief Financial Officer

Sd/-
Jayesh Vaishnav
Company Secretary

Vadivarhe Speciality Chemicals Limited
Profit and Loss statement for the year ended 31st March, 2018

In Rupees

Particulars	Note No	Figures for the year ended 31st March, 18	Figures for the year ended 31st March, 17
I. Revenue from operations	1	255,588,325	350,287,824
II. Other Income	2	3,856,546	3,440,399
III. Total Revenue (I +II)		259,444,871	353,728,223
IV. Expenses:			
Cost of materials consumed	3	68,383,346	116,375,559
Purchase of Stock-in-Trade	4	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	5	(1,666,444)	1,998,891
Employee benefit expense	6	44,660,165	39,227,380
Financial costs	7	6,794,435	8,519,055
Depreciation and amortization expense	8	12,730,661	11,360,043
Manufacturing Expenses	9	74,030,320	63,611,285
Other expenses	10	33,434,979	25,083,494
V. Total Expenses		238,367,462	266,175,707
VI. Profit before exceptional and extraordinary items and tax	(III - V)	21,077,409	87,552,516
VII. Exceptional Items		-	-
- Prior Period Income		621,322	7,011,464
VIII. Profit before extraordinary items and tax (VI - VII)		21,698,731	94,563,980
IX. Extraordinary Items		-	-
X. Profit before tax (VIII - IX)		21,698,731	94,563,980
XI. Tax expense:			
(1) Current tax		5,226,318	19,280,508
(2) Income Tax of earlier years		603,483	434,490
(3) Deferred tax		(2,592,768)	18,593,730
(4) MAT Credit entitlement		-	(3,851,643)
(5) MAT Credit utilised		(802,196)	-
XII. Profit/(Loss) for the period (X - XI)		17,659,502	60,106,895
No. of Shares Outstanding at the end of the period		12,665,714	12,093,750
XIII. Earning per equity share:			
(1) Basic		1.39	4.97
(2) Diluted		1.39	4.97

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date.

For S R Rahalkar & Associates
Chartered Accountants

Firm Registration No.108283W

Sd/-
S. R. Rahalkar
Partner

Membership No.014509

Place : Mumbai
Date : May 30, 2018

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Sd/-
Sunil H. Pophale
Chairman and Executive Director

Sd/-
Laxmikant S Potdar
Chief Financial Officer

Sd/-
Pramod W Gajare
Executive Director

Sd/-
Jayesh Vaishnav
Company Secretary

Vadivarhe Speciality Chemicals Limited

Cash Flow statement for the year ended 31st March, 2018

In Rupees

Particulars	Year ended 31st March, 2018	Year ended 31st March 2017
Cash flows from operating activities		
Profit before taxation	21,698,731	94,563,980
Adjustments for:		
Depreciation	12,730,661	11,360,043
Dividend Income	(60,000)	(60,000)
Interest Received	(83,634)	(431,509)
Interest expense	5,586,265	7,585,475
(Profit) / Loss on the sale of property, plant & equipment	22,380	-
Operating Profits before Working Capital Changes	39,894,403	113,017,989
Working capital changes:		
(Increase) / Decrease in trade receivables	67,115,402	(68,576,052)
(Increase) / Decrease in inventories	(11,048,336)	4,398,865
(Increase) / Decrease in Other receivables	4,154,757	(27,587,387)
(Increase) / Decrease in Long term Loans and advances	2,555,649	(4,674,092)
Increase / (Decrease) in trade payables	(15,333,569)	14,822,506
Increase / (Decrease) in other payables	(9,206,308)	5,329,336
Cash generated from operations	78,131,999	36,731,165
Income taxes paid(Deferred tax liability written off)	(6,631,997)	(15,863,355)
Net cash from operating activities (A)	71,500,002	20,867,810
Cash flows from investing activities		
Purchase of Fixed Assets	(54,873,685)	(36,769,373)
Proceeds from sale of equipment	1,483,000	-
Adjusted against accumulated balances write off	-	(7,022,468)
Dividend income	60,000	60,000
Interest Received	83,634	431,509
Net cash used in investing activities(B)	(53,247,051)	(43,300,332)
TOTAL (A+B)	18,252,951	(22,432,523)
Cash flows from financing activities		
Increase / (Decrease) in Short term Borrowings - Cash credit facility & Packing Credit	(33,550,199)	42,950,218
Proceeds from issue of share capital	21,907,398	-
Proceeds from Term loan	(7,470,097)	3,008,050
Interest on Loan	(5,586,265)	(7,585,475)
Payment of unsecured loan from Director	13,461,000	(19,619,910)
Net cash used in financing activities [C]	(11,238,165)	18,752,881
Net increase in cash and cash equivalents (A+B+C)	7,014,786	(3,679,641)
Cash and cash equivalents at beginning of period	1,079,435	4,759,076
Cash and cash equivalents at end of period	8,094,222	1,079,435
Components of Cash and cash equivalents		
Cash in hand	25,388	86,380
Balances with Scheduled banks :		
in current accounts	7,383,834	918,055
in deposits accounts	685,000	75,000
Cash and cash equivalents in Cash Flow Statement	8,094,222	1,079,435

As per our Report attached of even date

For S R Rahalkar & Associates
Chartered Accountants

Firm Registration No.108283W

Sd/-
S. R. Rahalkar

Partner

Membership No.014509

Place : Mumbai

Date : May 30, 2018

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Sd/-
Sunil H. Pophale
Chairman and Executive Director

Sd/-
Pranod W Gajare
Executive Director

Sd/-
Laxmikant S Potdar
Chief Financial Officer

Sd/-
Jayesh Vaishnav
Company Secretary

Notes To and Forming Part of the Balance Sheet

	March 31,2018 Amount	March 31,2017 Amount
Note A : Share Capital		
Authorised:		
1,50,00,000 Equity Shares of Rs. 10 each (Previous Year: 1,50,00,000 Equity Shares of Rs. 10 each)	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid-up:		
1,27,82,750 Equity Shares of Rs.10 each fully paid up, (Previous Year: 1,20,93,750 Equity Shares of Rs.10 each fully paid up)	<u>127,827,500</u>	<u>120,937,500</u>
Total	<u><u>127,827,500</u></u>	<u><u>120,937,500</u></u>

Of the above:

During the previous year ended 31 March 2018, the Company had completed the initial public offer (IPO), pursuant to which, 34,44,000 Equity Shares of Rs. 10 each, were allotted at a premium of Rs. 32 each (Total Issue price being Rs. 42 per 1 equity share) , fully paid up in IPO, consisting of fresh issue of 689,000 equity shares and offer for sale of 27,55,000 equity shares by selling shareholders. All the shares were issued to public. The Company has been listed on National Stock Exchange (NSE) Emerge on 2nd June 2017

The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share.

Details of Share holder holding more than 5% Shares in the company

Name of Shareholder	%	No of Shares	%	No of Shares
Mr. Sunil H Pophale	61.78%	7,897,625	87.36%	10,565,625
Ms. Aditi S Pophale	11.73%	1,500,000	12.40%	1,500,000
TOTAL		9,397,625		12,065,625
		12,782,750		12,093,750

Note B : Reserves and Surplus

Securities Premium Account

Opening Balance	44,562,500	117,125,000
Less : Utilised during the year for Issuing bonus shares	-	(72,562,500)
Less : Utilised during the year for IPO costs	7,030,602	
Add : Premium received during the year in respect of shares issued in IPO	22,048,000	-
Closing balance	<u>59,579,898</u>	<u>44,562,500</u>

Brokerage Expenses in connection with the IPO amounted to Rs 82.80 lacs (including Service Tax) , of which Rs 16.56 lacs have been adjusted towards the securities premium reserve during the previous year ended 31 March 2018 and balance expenses have been borne by the selling shareholders.

Other IPO expenses amounting to Rs.53.74 lacs , directly attributable to the Company (such as legal counsel cost, auditor fee, Listing fee and stamp duty expense) have been adjusted towards the securities premium reserves.

Surplus / (Loss) in the statement of Profit & Loss

Opening Balance	69,188,024	9,081,129
Profit / (Loss) of the current year	17,659,502	60,106,895
Closing balance	<u>86,847,526</u>	<u>69,188,024</u>
Total	<u><u>146,427,424</u></u>	<u><u>113,750,524</u></u>

Notes To and Forming Part of the Balance Sheet

	March 31,2018 Amount	March 31,2017 Amount
Note C: Long-term borrowings		
(a) Secured Loan		
1) Term Loans		
Soft Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)	1,352,000	1,640,000
(Above term loan will be settled as on 10/09/2023 Balance Sheet date 31/03/2024) Number of Installment due 65 Rs.24000/- and last 1 Installment of Rs.80,000/-,		
Term Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)	12,060,000	14,700,000
(Above term loan will be settled as on 10/09/2023 Balance Sheet date 31/03/2024) Number of Installment due 53 Rs.2,20,000/- and 1 Installment of Rs.4,00,000/-,		
From Axis Bank Ltd (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)	12,406,749	21,304,050
(Above term loan will be settled as on 01/11/2020 Balance Sheet date 31/03/2021) Number of Installment due 21, Amount of Installment Rs.7,10,151/-, Above term loan is FCTL in USD, outstanding as on 31/03/2018 USD 315838.84 and applicable rate of Interest is LIBOR + 425 BPS)		
From Kotak Mahindra Prime Ltd (Secured by Car) (Above term loan will be settled as on 01/09/2022 Balance Sheet date 31/03/2023) Number of Installment due 54, Amount of Installment Rs.1,19,288/-, (Inclusive of Finance Charges)	4,355,203	-
(b) Unsecured Loans		
Loan from Promotor Director Mr.Sunil H Pophale	13,521,937	60,937
	<u>43,695,889</u>	<u>37,704,987</u>
Note D : Deferred Tax Liability (Net)		
Deferred Tax Liability		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	(24,377,568)	(27,078,866)
Gross Deferred Tax Liability	(24,377,568)	(27,078,866)
Deferred Tax Assets		
Carry Forward Loss and depreciation	-	-
Provision for Bonus	424,124	490,220
Provision for Leave Encashment	453,231	458,100
Provision for Gratuity and LTA	1,185,069	1,222,633
Gross Deferred Tax Assets	2,062,423	2,170,953
Net Deferred tax liability	<u>(22,315,145)</u>	<u>(24,907,912)</u>
Note E: Other Long term Liabilities		
Trade Payables	2,039,985	1,945,800
Payables on purchase of fixed assets	589,729	589,724
	<u>2,629,714</u>	<u>2,535,524</u>
Note F: Long Term Provisions		
Provision for Employee Benefits :		
Provision for Gratuity	3,447,263	2,609,174
Provision for Leave Encashment	1,398,225	975,645
	<u>4,845,488</u>	<u>3,584,819</u>

Notes To and Forming Part of the Balance Sheet

	March 31,2018 Amount	March 31,2017 Amount
Note G: Short-term borrowings		
Secured Loan		
Cash Credit Facility		
From Axis Bank Ltd	40,760,398	44,493,110
(Secured by an exclusive charge by way of hypothecation of Stock & Book Debts)		
Packing Credit		
From Axis Bank Ltd	-	29,817,488.00
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
	<u>40,760,398</u>	<u>74,310,598</u>
Note H: Trade Payable		
Creditors for Goods	14,058,265	24,589,905
Other Creditors	7,812,607	12,614,536
	<u>21,870,872</u>	<u>37,204,441</u>
Note I: Other Current Liabilities		
Current maturities of long-term debt		
Term Loans		
Soft Loan From Small Industries Development Bank of India	288,000	288,000
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
(Above term loan will be settled as on 10/09/2023 Balance Sheet date 31/03/2024) Number of Installment due 65 Rs.24000/- and last 1 Installment of Rs.80,000/-,		
Term Loan From Small Industries Development Bank of India	2,640,000	2,640,000
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
(Above term loan will be settled as on 10/09/2023 Balance Sheet date 31/03/2024) Number of Installment due 53 Rs.2,20,000/- and 1 Installment of Rs.4,00,000/-,		
From Axis Bank Ltd	-	4,283,736
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
(Above term loan has been settled as on 01/06/2017 Balance Sheet date 31/03/2018) Above term loan is FCTL in USD, outstanding as on 31/03/2017 USD 66045.88 and applicable rate of Interest is LIBOR + 425 BPS)		
From Axis Bank Ltd	8,166,993	8,131,887
(Above term loan will be settled as on 01/11/2020 Balance Sheet date 31/03/2021) Number of Installment due 29, Amount of Installment Rs.7,10,151/-, Above term loan is FCTL in USD, outstanding as on 31/03/2018 USD 315838.84 and applicable rate of Interest is LIBOR + 425 BPS)		
From Kotak Mahindra Prime Ltd	1,036,227	-
(Secured by Car)		
(Above term loan will be settled as on 01/09/2022 Balance Sheet date 31/03/2023) Number of Installment due 54, Amount of Installment Rs.1,19,288/-, (Inclusive of Finance Charges)		
Other Payables		
Advance from Customers	-	-
Payables on purchase of fixed assets	4,350,957	43,634
Statutory Dues	889,119	894,556
Retention Amount Payable	40,900	40,900
	<u>17,412,196</u>	<u>16,322,713</u>
Note J: Short Term Provisions		
Provision for Employees Benefit		
Provision for L.T.A.	755,130	673,145
Provision for Bonus	1,524,530	1,482,685
Provision for Gratuity	57,379	415,571
Provision for Leave Encashment	230,929	409,891
Salary and Other Payables (including director remuneration payable)	2,830,196	2,298,436
Provision Others		
Provision for Tax	5,226,318	19,280,508
Provision for Expences	3,751,427	1,466,322
Others	-	-
	<u>14,375,909</u>	<u>26,026,558</u>

Description	Gross block				Depreciation / Amortization				Net block	
	As at April 1, 2017	Additions	Deletions / Adjustments	As at March 31, 2018	As at April 1, 2017	For the Year	Deletions / Adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Note K :Tangible Assets										
Freehold land	4,472,000	8,330,260	-	12,802,260	-	-	-	-	12,802,260	4,472,000
Buildings	64,431,068	1,919,485	-	66,350,553	15,772,925	2,100,542	-	17,873,467	48,477,086	48,658,143
Air Conditioners	206,017	168,460	-	374,477	171,799	9,481	-	181,280	193,197	34,218
Office Equipments	4,324,965	-	(28,943)	4,296,022	3,835,678	111,797	(27,496)	3,919,979	376,043	489,287
Plant and machinery	88,464,358	6,537,614	(2,915,173)	92,086,798	33,098,165	3,555,721	(1,510,956)	35,142,930	56,943,868	55,366,193
Solar Power & Water Heater Plant	29,972,383	-	-	29,972,383	967,328	1,898,251	-	2,865,579	27,106,804	29,005,055
R & D Lab & Equipments	971,998	3,696,751	(45,765)	4,622,984	237,306	81,036	(27,617)	290,725	4,332,259	734,692
Q.C. Equipments	17,995,473	5,510,444	-	23,505,917	6,455,942	902,197	-	7,358,139	16,147,778	11,539,531
ETP	2,517,783	3,116,605	-	5,634,388	714,309	163,579	-	877,888	4,756,500	1,803,474
Utility	20,413,084	529,366	(205,706)	20,736,744	8,608,122	760,744	(124,138)	9,244,728	11,492,016	11,804,962
Electrical installation	12,233,652	-	-	12,233,652	7,971,667	1,494,274	-	9,465,941	2,767,711	4,261,985
Computers	2,248,967	340,160	-	2,589,127	1,970,946	150,782	-	2,121,728	467,399	278,021
Furniture and fixtures	2,252,729	89,050	-	2,341,779	1,168,523	253,893	-	1,422,416	919,363	1,084,206
Vehicles	3,066,765	8,647,071	(1,020,700)	10,693,136	2,346,449	816,082	(1,020,700)	2,141,831	8,551,305	720,316
Total	253,571,242	38,885,266	(4,216,287)	288,240,220	83,319,159	12,298,379	(2,710,907)	92,906,631	195,333,589	170,252,082
Note L :Intangible Assets										
Computer Softwares	2,253,183	1,009,247	-	3,262,430	1,727,337	368,135	-	2,095,472	1,166,958	525,846
ERP Software	739,416	-	-	739,416	327,202	64,147	-	391,349	348,067	412,214
Total	2,992,599	1,009,247	-	4,001,846	2,054,539	432,282	-	2,486,821	1,515,025	938,060
Note M :Capital Work-in-Progress										
Capital Advances	861,154	15,840,326	(861,154)	15,840,326	-	-	-	-	15,840,326	861,154
Total	861,154	15,840,326	(861,154)	15,840,326	-	-	-	-	15,840,326	861,154
Grand Total	257,424,995	55,734,839	(5,077,441)	308,082,392	85,373,698	12,730,661	(2,710,907)	95,393,452	212,688,940	172,051,296
Previous year	213,940,520	36,769,373	-	257,424,995	81,036,124	11,360,043	(7,022,468)	85,373,698	172,051,296	139,619,497

Notes To and Forming Part of the Balance Sheet

	March 31,2018 Amount	March 31,2017 Amount
Note N: Non-Current Investments		
Unquoted Investments		
Investments in Govt Securities		
6 years National Saving Certificate VIII issue	10,000	10,000
Investment in equity instruments (unquoted)		
Equity Shares of NKGSB Co-Op Bank Ltd	500,000	500,000
(of the above 50,000 Equity Shares of NKGSB Co-op Bank Ltd bearing Face Value of Rs.10/- each)		
	<u>510,000</u>	<u>510,000</u>
Note O: Long-term loans and advances		
Advance to Customers	40,029,233	40,029,233
Mat Credit entitlement		
MAT credit FY 2014-15	2,578,235	3,380,431
MAT credit FY 2015-16	10,113,148	10,113,148
MAT credit FY 2016-17	3,248,160	3,851,643
Deposits - Others	2,365,796	1,820,638
VAT Credit (Input) Receivable -Earlier Period	4,377,119	3,583,321
VAT Credit (Input) Receivable - Current Period	1,837,015	4,325,941
	<u>64,548,706</u>	<u>67,104,355</u>
Note P: Other non-current assets		
Interest accrued but not received on NSC, FD and Others	15,702	9,341
Insurance Claim Receivable	1,963,602	1,963,602
	<u>1,979,304</u>	<u>1,972,943</u>
Note Q : Inventories (at lower of cost and net realisable value)		
Raw Materials	21,362,917	12,119,469
Packing Materials	381,799	243,355
Works In Progress	5,845,479	5,077,656
Finished Goods	3,287,874	2,389,253
Total	<u>30,878,069</u>	<u>19,829,733</u>
Note R : Trade receivables		
Debts outstanding for a period exceeding six months -		
Unsecured, considered good	132,261	144,597
Unsecured, Considered doubtful	-	-
Other debts		
Unsecured, considered good	85,971,811	153,074,877
Unsecured, considered doubtful	-	-
	<u>86,104,072</u>	<u>153,219,474</u>
Less: Provision for doubtful debts	-	-
Total	<u>86,104,072</u>	<u>153,219,474</u>
Note S : Cash and cash equivalents		
Cash on hand	25,388	86,380
Balances with Scheduled banks :		
in current accounts	7,383,834	918,055
in deposits accounts (Fised deposits with maturity more than three months	685,000	75,000
Total	<u>8,094,222</u>	<u>1,079,435</u>

Vadivarhe Speciality Chemicals Limited**Notes To and Forming Part of the Balance Sheet**

	March 31,2018	March 31,2017
	Amount	Amount
Note T : Short-term loans and advances		
(Unsecured, Considered good unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received		
Loans and Advances To Related Parties (Refer note 11.2)	-	25,000,000
Advances to suppliers	6,946,065	2,182,732
Loans and Advances to Staff	701,510	460,581
(Secured to the extent of Rs. Nil (Previous Year: Rs. Nil)		
Advance tax - F.Y 13-14	260,045	260,045
Advance tax - F.Y 16-17	-	5,500,000
Advance tax - F.Y 17-18	5,700,000	
TDS Receivable	3,011,508	2,494,617
Balances with Customs, Port Trust, Excise etc. GST Receivables	16,012,088	5,053,165
Deposit others	1,446,480	
Prepaid Expenses	3,276,432	564,106
Total	37,354,128	41,515,246
Note U : Other Current Assets		
Others	3,094	3,094
Total	3,094	3,094

Vadivarhe Speciality Chemicals Limited

Notes To and Forming Part of the Profit and Loss Accounts

	March 31,2018 Amount	March 31,2017 Amount
Note 1 : Revenue from operations		
Sales of Goods (Gross)	114,307,441	222,366,191
Less - Excise Duty	3,184,205	16,825,485
	<u>111,123,236</u>	<u>205,540,706</u>
Service Income	144,465,089	144,747,118
	<u>255,588,325</u>	<u>350,287,824</u>
Note 2 : Other income		
Interest on		
- NSC, FD and Others	83,634	431,509
- Income Tax, Sales Tax and Others	-	-
Dividend Received	60,000	60,000
Discount Received	13,212	-
Exchange Diference (Gain)	475,060	572,504
Insurance Claim Received	-	-
Excise Rebate (MEIS)	3,221,976	2,376,386
Miscellaneous Income	2,664	-
Total	<u>3,856,546</u>	<u>3,440,399</u>
Note 3 : Cost of Materials consumed		
Raw Materials		
Opening stock	12,119,469	14,594,178
Purchases during the year	77,076,978	111,364,415
Inventory Gain	-	1,351,787
Closing stock	21,362,917	12,119,469
Raw material consumed	<u>67,833,530</u>	<u>115,190,910</u>
Packing Materials		
Opening stock	243,355	168,620
Purchases during the year	688,260	1,259,384
Closing stock	381,799	243,355
Packing material consumed	<u>549,816</u>	<u>1,184,649</u>
Total	<u>68,383,346</u>	<u>116,375,559</u>
Note 4 : Purchase of Stock-in-Trade		
Trading goods purchased	-	-
	<u>-</u>	<u>-</u>
Note 5 : Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		
Work-In-Progress		
Opening Stock	5,077,656	7,343,889
Less: Closing Stock	5,845,479	5,077,656
	<u>(767,823)</u>	<u>2,266,233</u>
Finished Goods		
Opening Stock	2,389,253	2,121,911
Less: Closing Stock	3,287,874	2,389,253
	<u>(898,621)</u>	<u>(267,342)</u>
Stock-in-Trade		
Opening Stock	-	-
Less: Closing Stock	-	-
	<u>-</u>	<u>-</u>
	<u>(1,666,444)</u>	<u>1,998,891</u>

Vadivarhe Speciality Chemicals Limited

Notes To and Forming Part of the Profit and Loss Accounts

	March 31,2018 Amount	March 31,2017 Amount
Note 6 : Employee Benefit Expense		
Salaries, Wages and Bonus (Including Directors Remuneration, Refer Note 11 [10.7])	36,880,336	31,931,261
Contribution to Provident and other funds	2,857,427	2,386,610
Gratuity Expenses (Refer Note 11.05)	954,012	1,522,639
Workmen and Staff Welfare Expenses	3,968,390	3,386,870
Total	44,660,165	39,227,380
Note 7 : Financial Expenses		
Interest		
- On Term Loan from Axis Bank/SIDBI	2,526,846	4,123,084
- On Bank Cash credit facility	2,849,261	3,457,860
- On Loan from NBFC	210,158	4,531
Bank Charges	1,208,169	933,580
Total	6,794,435	8,519,055
Note 8 : Depreciation and Amortization Expenses		
Depreciation on Tangible Fixed Assets	12,298,379	11,097,352
Depreciation on Intangible Fixed Assets	432,282	262,691
Total	12,730,661	11,360,043
Note 9 : Manufacturing Expenses		
Consumption of Consumables, Stores and Spares	8,140,091	5,310,015
Labour Charges	25,315,639	22,485,857
Job Work Charges	322,560	-
Power and Fuel	24,933,362	25,928,852
Rates and Taxes	3,598,881	2,243,772
Repairs and Maintenance of Plant and Machinery	11,719,788	7,642,790
Total	74,030,320	63,611,285
Note 10 : Other Expenses		
Repairs and Maintenance of:		
- Building	1,321,100	413,757
- General and Others	6,933,301	5,336,869
Insurance	1,000,728	1,045,531
Exchange Difference (Loss)	-	-
Printing and Stationery	717,987	396,669
Communication Costs	548,773	407,112
Travelling and Conveyance	4,649,067	5,240,629
Legal and Professional Charges	4,918,575	5,455,959
Rent	429,500	220,000
Interest /Penalties	920,270	-
Auditors' Remuneration (Refer Note 11 [10.8])	135,000	135,000
Freight and Forwarding Charges	2,104,333	2,359,322
Advertisement and Sales Promotion	731,761	117,255
Commission	283,958	8,461
Security Charges	2,038,661	1,903,784
Loss on Sale of Asset	22,380	-
Corporate Social Responsibility Expenses	1,627,260	712,514
Administration Expenses	5,052,325	1,330,632
Total	33,434,979	25,083,494

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

01 Segment Information

I. Business Segments

The Company is only engaged in the business of manufacturing of Speciality Chemicals, Intermediates & API.

II. Geographical Segments

Disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located outside India.)

Geographical Segments

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

Particulars	March 31, 2018 Amount	March 31, 2017 Amount
Sales Revenue by Geographical Market (including Service Income)		
India	216,516,427	178,857,086
Outside India	39,071,898	171,430,738
Total	255,588,325	350,287,824

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

Particulars	March 31, 2018 Amount	March 31, 2017 Amount
Carrying amount of Segment Assets and Intangible Assets		
India	196,848,614	171,190,142
Outside India	-	-
Total	196,848,614	171,190,142
Additions to Fixed Assets including Capital Work In Progress		
India	55,734,839	36,769,373
Outside India	-	-
Total	55,734,839	36,769,373

Notes to the accounts

Note 11

02 Related Parties

Related party disclosures:

Name of related parties with whom transactions have taken place during the year:

Key Management Personnel	Director	Mr. Sunil H. Pophale
	Director	Mrs. Meena S. Pophale
	Director	Mr. Vasant P. Jagtap (Retired w e f 30/09/2017)
	Director	Mr. Pramod W Gajare (Appointed w e f 11/09/2017)

Enterprises over which key management personnel exercise significant influence	1	Zenvision Pharma LLP
	2	ReecordCure Enterprises
	3	Reelabs Pvt Ltd
	4	Starkut Media & Entertainment pvt Ltd

a) Related party transactions:

Particulars	Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Purchase of goods	-	-	-	-	-
Sale of goods	-	-	-	-	-	-
Services Provided	-	-	-	-	-	-
Security Deposit Given	-	-	-	25,000,000	-	25,000,000
Security Deposit Returned	-	-	25,000,000	-	25,000,000	-
Purchase of fixed assets	-	-	-	-	-	-
Interest received	-	290,411	-	-	-	290,411
Loan taken	21,461,000	21,500,000	-	-	21,461,000	21,500,000
Loan given	2,005,660	10,000,000	-	-	2,005,660	10,000,000
Loan repaid to	8,000,000	41,119,910	-	-	8,000,000	41,119,910
Loan repaid by	2,005,660	10,000,000	-	-	2,005,660	10,000,000
Dividend paid	-	-	-	-	-	-
Managerial remuneration *	4,736,540	4,868,134	-	-	4,736,540	4,868,134
Closing Outstanding Balances:						
Receivables	-	-	-	25,000,000	-	25,000,000
Payables	13,521,937	60,937	126,000	126,000	13,647,937	186,937

* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above.

d) Details of transactions with related parties, exceeding 10% of line transactions.

Particulars	Key Management Personnel	
	March 31, 2018	March 31, 2017
Managerial remuneration:		
Director -Mrs. Meena S Pophale	1,200,000	1,200,000
Director -Mr.Sunil H Pophale	1,200,000	1,200,000
Director -Mr.Vasant P Jagtap (Retired w e f 30/09/2017)	1,234,067	2,468,134
Director -Mr.Pramod W Gajare (Appointed w e f 11/09/2017)	1,102,473	-
Total	4,736,540	4,868,134
Loan taken :		
Director -Mr.S H Pophale	21,461,000	20,800,000
Director - Vasant Jagtap	-	700,000
Total	21,461,000	21,500,000
Loan given :		
W T Director -Mrs.Meena S Pophale	2,005,660	10,000,000
Total	2,005,660	10,000,000
Loan repaid to :		
Director -Mr.S H Pophale	8,000,000	40,419,910
Director - Vasant Jagtap	-	700,000
Total	8,000,000	41,119,910
Loan repaid by :		
W T Director -Mrs.Meena S Pophale	2,005,660	10,000,000
Total	2,005,660	10,000,000
Interest received :		
W T Director -Mrs.Meena S Pophale	-	290,411
Total	-	290,411
Security Deposit given:		
Zenvision Pharma LLP	-	25,000,000
Total	-	25,000,000
Security Deposit returned:		
Zenvision Pharma LLP	25,000,000	-
Total	25,000,000	-

The company has entered into an agreement on 13 January 2017 with Zenvision Pharma LLP for offering its manufacturing facility on Loan and License basis. Mr. Sunil Haripant Pophale (Managing Director) is a designated Partner in Zenvision Pharma LLP. Pursuant to the agreement, the Company has given a security deposit to Zenvision Pharma LLP of Rs. 2,50,00,000 (Rupees Two crore fifty lacs only) during the last financial year. The same is now returned by Zenvision Pharma LLP in current financial year on 2 May 2017.

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

	March 31, 2018	March 31, 2017
	Amount	Amount
03 Capital Commitments		
Estimated amount Of contracts remaining to be executed on capital account and not provided for	20,211,346	197,187

04 Provisions and Contingencies

Bank Gaurantee provided to Maharashtra Pollution Control Board of Rs 10,00,000/-

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

05 Gratuity and other post-employment benefit plans

(i) Defined Benefit Plans –

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

	March 31, 2018 Amount	March 31, 2017 Amount
Profit and Loss Account		
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	625,124	543,396
Interest cost on benefit obligation	208,305	150,247
Expected Return on plan assets	(153,200)	(184,886)
Net Actuarial (gain)/ loss recognized in the year	126,307	475,166
Net benefit expense	<u>806,536</u>	<u>983,923</u>
Actual return on plan assets	153,200	184,886
Balance Sheet		
Net liability recognised in the balance sheet		
Defined benefit obligation	3,504,643	3,024,745
Fair value of plan assets	2,870,939	2,798,418
Plan (Liability)	<u>(633,704)</u>	<u>(226,327)</u>
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligations	3,024,745	1,902,106
Interest cost	208,305	150,247
Current service cost	625,124	543,396
Benefits paid	494,692	48,046
Actuarial (gain)/Loss on obligations	141,161	477,042
Closing defined benefit obligations	<u>3,504,643</u>	<u>3,024,745</u>
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	2,798,418	2,303,751
Planned assets transferred from Fem Care		
Expected return on plan assets	153,200	184,886
Contributions by employer	399,159	355,951
Benefits paid	494,692	48,046
Actuarial (gain)/Loss on Plan Assets	14,854	1,876
Closing fair value of plan assets	<u>2,870,939</u>	<u>2,798,418</u>

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

05 Gratuity and other post-employment benefit plans

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.

Category of Assets	March 31, 2018 %	March 31, 2017 %
Investment with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining benefit obligations are shown below:

Discount rate	7.50%	7.50%
Expected rate of return on assets	8.11%	6.01%
Withdrawal rate	1.00%	1.00%
Expected rate of Salary increase	5.00%	5.00%
Mortality Pre-retirement	LIC(2006-08) Ultimate	LIC(2006-08) Ultimate

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Defined Contribution Plans –

Amount of Rs.28,57,427/- (Previous Year: Rs.23,86,610/-) is recognized as an expense and included in Note 6 - "Contribution to Provident and other funds" in the Profit and Loss account.

06 Derivative Instruments and Un-hedged Foreign Currency Exposure

a Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

The Company does not enter into any derivative contracts to hedge its risk associated with foreign currency fluctuations for its revenue transactions. There are no accounts payables denominated in foreign currency at year end. The unhedged foreign currency exposure in respect of accounts receivable and loans and advances at the year end is given below:

Particulars	Currency	March 31, 2018		March 31, 2017	
		Foreign Currency	Amount	Foreign Currency	Amount
Export Debtors	USD	78,830	5,134,986	1,080,990	70,113,011
Import Creditors	USD	58,100	3,784,634	157,289	10,201,765
Advance to Import Creditors	USD	26,700	1,739,238	-	-
FCTL from Banks	USD	279,835	18,228,456	519,884	33,719,672
EEFC account in Axis Bank	USD	36,004	2,345,286	-	-

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

07

Excise duty on sales amounting to Rs.31,84,205/- (Previous Year: Rs.1,68,25,485/-) has been reduced from sales in Profit & Loss account and has been considered as (income) / expense in Note No 9 & 10 financial statements.

08 Earning Per Share (EPS)

Particulars	March 31, 2018 Amount	As per Last year	Splitted shares
		March 31, 2017 Amount	March 31, 2017 Amount *
Basic and Diluted earning per share			
Profit after tax attributable to equity shareholders (in Rs.)	17,659,502	60,106,895	60,106,895
Calculation of Weighted Average number of Equity Shares			
Number of equity shares at the beginning of the year	12,093,750	12,093,750	12,093,750
Number of shares issued during the year	689,000	-	-
Number of equity shares outstanding at the end of the year	12,782,750	12,093,750	12,093,750
Weighted average number of equity shares outstanding during the year	12,665,714	12,093,750	12,093,750
Basic and diluted earnings per share (in Rs.)	1.39	4.97	4.97
Face Value per share (in Rs.)	10	10	10

*Note :The company has split the Equity shares of denomination of Rs 100 to Denomination of Rs 10/- on 17/08/2016. The previous year as at The Company has declared bonus shares in the ratio of 3:2 (3 share bonus for Every 2 shares held in Company) on 27/02/2017 to all existing shares

09 Details of due to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Particulars	March 31, 2018 Amount	March 31, 2017 Amount
Principal amount outstanding as at March 31, 2018	121,533	405,450
Interest due as on March 31, 2018	-	-

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

10 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

10.1 Licensed capacity, Installed Capacity and Actual Production

Licensed Capacity (*): Not applicable (Previous Year: Not Applicable)

Particulars	Units	Installed Capacity *		Actual Production	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Quantity	Quantity	Quantity	Quantity
Chemicals	Tons	150	150	91	134

* As certified by the Management and relied upon by the Auditors being technical matter

10.2 Details of Finished Goods

Opening stocks (including inventory acquired):

Particulars	Units	March 31, 2018		March 31, 2017	
		Quantity	Amount	Quantity	Amount
		Chemicals	Tons	2.99	2,389,253
		2.99	2,389,253	0.34	2,121,911

Closing Stocks:

Particulars	Units	March 31, 2018		March 31, 2017	
		Quantity	Amount	Quantity	Amount
		Chemicals	Tons	2.33	3,287,874
		2.33	3,287,874	2.99	2,389,253

10.3 Sales

Particulars	Units	March 31, 2018		March 31, 2017	
		Quantity	Amount	Quantity	Amount
		Chemicals	Tons	90.24	111,123,236
		90.24	111,123,236	134.24	205,540,706

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

10 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

10.4 Consumption of Raw Materials

Particulars	Units	March 31, 2018		March 31, 2017	
		Quantity	Amount	Quantity	Amount
Aloe Vera Juice (RM)	Tons	64.85	3,696,450	62.55	3,565,536
Iso Propyl Alcohol	Tons	61.22	4,754,235	271.68	18,407,737
Hydrochloric Acid 36% To 38%	Tons	37.11	946,317	180.03	5,092,182
Methanol	Tons	32.57	995,766	16.68	498,043
Ethylene Di-Chloride	Tons	31.94	1,259,732	198.26	6,658,719
Aluminium Chloride	Tons	26.01	1,157,663	162.05	7,271,131
Methylene Chloride (MDC)	Tons	18.56	984,675	0.60	27,305
Hexane	Tons	17.32	1,300,876	13.52	938,381
Nitromethane 99.5%	Tons	16.74	2,731,423	104.29	15,736,824
Sodium Hydroxide	Tons	14.98	734,736	5.87	222,433
Ethyl Acetate	Tons	9.36	625,171	1.33	81,036
Phenol Crystal	Tons	9.24	847,326	57.75	5,141,446
Acetic Acid Glacial	Tons	8.29	469,675	3.62	146,341
Anhydrous Hcl (AHCL) Cylinder	Tons	7.61	2,918,211	26.94	10,658,952
Aminoacetonitrile Hydrochloride	Tons	7.43	3,956,722	46.26	28,968,307
Others		-	40,454,552		11,776,538
Total			67,833,530		115,190,910

10.5 Value of imports calculated on CIF basis

Particulars	March 31, 2018 Amount	March 31, 2017 Amount
Raw Material	20,523,286	44,776,133
Capital Goods	3,876,294	-
Total	24,399,580	44,776,133

10.6 Imported and indigenous raw materials consumed

Particulars	March 31, 2018		March 31, 2017	
	Amount	%	Amount	%
a) Imported	18,082,802	26.66	48,106,180	41.76
b) Indigenously obtained	49,750,728	73.34	67,084,731	58.24
Total	67,833,530	100.00	115,190,910	100.00

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

10.7 Directors' Remuneration

	March 31, 2018	March 31, 2017
	Amount	Amount
To Executive Directors:		
Salaries	4,587,012	4,754,713
Perquisites	-	-
Contribution to Provident and Other funds	149,528	113,421
Other allowances including Commission	-	-
(includes directors' sitting fees of Nil (Previous Year: Rs. Nil))		
	4,736,540	4,868,134

10.8 Auditors' Remuneration

	March 31, 2018	March 31, 2017
	Amount	Amount
Statutory audit fees (Inclusive Service Tax)	85,000	85,000
Tax Audit Fees	25,000	25,000
VAT Audit Fees	25,000	25,000
Out of pocket expenses	-	-
	135,000	135,000

10.9 Expenditure in foreign currency (on Cash basis)

	March 31, 2018	March 31, 2017
	Amount	Amount
Travelling expenses	830,230	1,375,616
Business Promotion, Exhibition Expenses (Including Advance/Prepaid)	360,200	-
Legal Expenses	-	-
	1,190,430	1,375,616

10.10 Earnings in foreign currency (on Cash basis)

	March 31, 2018	March 31, 2017
	Amount	Amount
FOB value of exports	39,071,898	171,430,738
	39,071,898	171,430,738

11 Details of Revenue Expenditure directly related to R&D

	March 31, 2018	March 31, 2017
	Amount	Amount
Raw material consumed	1,449,409	214,060
Packing Material	-	-
	1,449,409	214,060

12 Previous year comparatives

Previous year's figures have been regrouped, where necessary to conform to the current year's classification.

As per our Report attached of even date.

For S | For and on behalf of the Board of Directors of
Charte Vadivarhe Speciality Chemicals Limited
Firm Registration No.108283W

Sd/-
S. R. Rahalkar
Partner
Membership No.014509

Sd/-
Sunil H. Pophale
Chairman and Executive Director

Sd/-
Pranod W Gajare
Executive Director

Sd/-
Laxmikant S Potdar
Chief Financial Officer

Sd/-
Jayesh Vaishnav
Company Secretary

Place : Mumbai
Date : May 30, 2018